

Scientific Office Management...

A Report On The Results Of
Applications Of The Taylor System Of
Scientific Management To Offices,
Supplemented With A Discussion Of
How To Obtain The Most Important Of
These Results



WILLIAM HENRY LEFFINGWELL, LYNN
WEBSTER ELLIS



Scientific Office Management...

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DATA ON ARTIFICIAL LIGHTING

*Supplementary to Section II of "Scientific
Office Management" by W. H. Leflingwell*

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DATA ON ARTIFICIAL LIGHTING

Where gas light is used incandescent inverted mantles will usually give the best results. In electric lighting rapid progress within recent years has made possible a wide range of choice in the kind of lighting, and there is naturally more or less dispute as to which light is really the most efficient.

In considering the efficacy of lighting methods it is important to know in just what respect one method is more efficient than another. It is possible that while one method may consume less current it will give light of much poorer quality or with a harmful effect upon the eyes of the workers. It is therefore necessary for us to know which is more important, economy in the consumption of current or economy in labor.

There are perhaps three methods of lighting in common use. In the direct lighting method the source of light is visible and the light rays shine directly upon the work. In the semidirect or semiindirect lighting systems the source of light is visible, but only a small portion of the light rays shines directly upon the work, and these rays are still further modified by translucent globes. In the indirect lighting systems the source of light is invisible, all the rays being thrown against the ceiling or some other light colored surface and reflected down upon the work.

Direct lighting is the oldest and most common method, and so far as mere consumption of current is concerned, much the cheapest of the three. Nowadays, however, the actual economy of this method is being sharply questioned. One of the most frequent objections to direct lighting is the glare which is caused by the exposed light. One authority states:

What constitutes scientific and practical illumination ?
There are so many varieties of industries and the conditions of production are so diverse that it is at once apparent that

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no one specification can fit them all. Illumination entirely satisfactory under one set of conditions might be wholly inadequate, not to say impossible, in another. There are, however, some general principles involved which apply to practically all situations.

There is a physiology as well as a psychology of industrial lighting. The psychological states—the mental alertness and the attitude toward the work—are mostly reflexes of the physiological. It is worth while to consider how these come about, and how those that tend towards inefficiency may be eliminated.

The eye is a most delicate mechanism, just as delicate in the roughest laborer as in the trained artist. It is a living photographic camera. It has every essential feature of the camera and some besides. The iris, for example, which is a diaphragm regulating the amount of light admitted to the eye, is wholly automatic, adjusts itself to meet varying conditions of illumination; the lens which focuses the light upon the retina (the sensitized plate in the camera) is also automatic, and adjusts itself for distance. The retina, under stimulus of light rays, becomes fatigued; the lens and iris are controlled by minute muscles which also tire under constant use. Abuse of these delicate mechanisms leads to impotency, just as overuse of any other organ does—a set of muscles, say, which, when tired, cannot be made to work so strongly, as continuously, or as accurately as when normal.

Everybody is aware of the effect of gazing, even for a short time, at any bright light. The eye becomes dazzled, irritated; if continued there is even pain. The retina becomes fatigued by overstimulation. Also the muscles of the iris, and lens, in their effort to adjust themselves, are tired. The effect of this does not wear off immediately. The blinding effect persists to some degree for a long time, often a half hour or more, according to the length of exposure and the intrinsic brightness of the light.

The tense feeling, the strain, and often the tingling and itching of the eye following continued close application, as in reading fine print, or closely observing fine work, is also well known. It is in part, at least, the direct and indirect result of a fatigue of the ciliary muscles controlling the shape of the crystalline lens. When looking at objects near at hand the muscles tighten and make the lens more convex. For distances of fifteen feet and

beyond, in normal eyes the image focuses on the retina when the ciliaries are relaxed. If the eye is allowed to relax occasionally by a look at relatively distant objects, fatigue is to a considerable extent avoided. Likewise the iris, the disklike curtain which controls the size of the pupil and therefore the amount of light admitted, if kept tense by an exposure to high light, or if subjected to fluctuating intensities, also tires and the sense of discomfort is increased. Moreover it is a peculiarity of the sense of light that movement or change of any sort taking place outside the limited field of direct vision, but still within the range of perception, is perceived more quickly even than when in direct range; and the effort of the eye to adjust itself to these environmental conditions when the light is unsteady or the surroundings dark in comparison with the field upon which attention is concentrated, is not only annoying and fatiguing, but becomes intensely distracting to anyone compelled to face it.

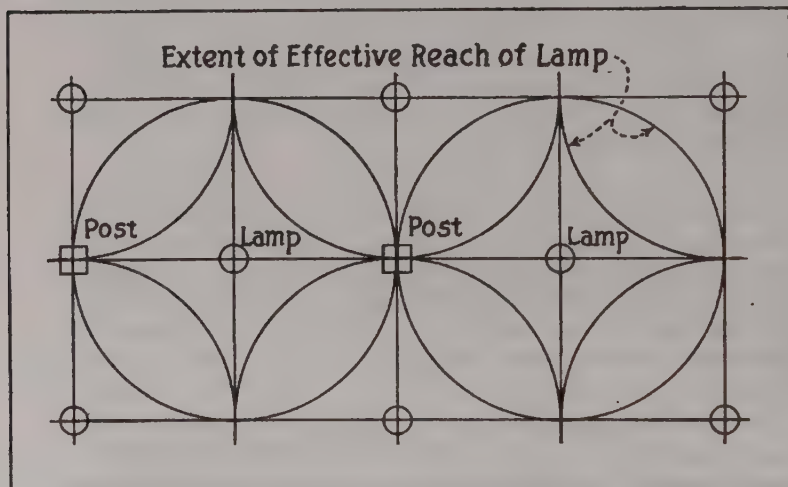
Here then we have a combination of paraial visual paralysis, optic fatigue, general discomfort and distraction from the work in hand, with all the physical and mental ills and the inefficiencies following in their train. Evidently the physiological effects of lighting are very practical factors in illumination, quite as practical as the immediate dollars-and-cents considerations which are more easily sensed.

It must be apparent that scientific and therefore economic lighting not only provides a sufficiency of light flux, steady and so distributed as to avoid obscurity and deep shadows anywhere within the ordinary range of the workers' eyes, but takes care that the source of illumination, if considerably concentrated as in the case in most lighting units now in use, shall be concealed, enclosed in a diffusing envelope, or placed outside the range of vision unless at such a distance that the brilliancy is greatly reduced before the rays reach the eye. Otherwise the main purpose of lighting is defeated, and the workers themselves are physically harmed and are rendered less efficient for their work.

Common practice is to have individual desk lamps. These throw a very strong light upon the work and nowhere else. In spite of the fact that most clerks working with a lamp of this sort wear dark green eye shades, the strain upon the eyes is very great. In still other places there are individual lamps

as well as overhead illumination. This arrangement gives better light than the individual lamps but it is not economical.

If direct lighting be used it is much better to have uniform illumination at least eight or ten feet above the floor, using as many lamps as will give each desk enough light for comfortable work. The light coming from so many directions reduces the glare more or less and heavy shadows are not so noticeable. It is helpful if the light units be placed so that the upright posts do not shut off the light. The diagram on this page shows Mr. Becker's plan for the proper arrangement of direct lights.



HOW TO SPACE LAMPS

The diagram shown here gives a good idea of one of the ways that light may be evenly distributed. Many offices have an uneven distribution of the light and in such cases desk lamps are an expensive necessity. With the spacing indicated in the diagram, satisfactory results are usually obtained

If you use the 60 or 100 watt tungsten lights you will probably get the best results simply because the light source is not brilliant enough to cause excessive glare. Ordinarily the unprotected nitrogen or gas-filled lamp of high intensity, although the economy in current consumption is more apparent, should never be used for the direct lighting of offices, since the glare from this light is often injurious to the eyes.

The term semidirect, or semiindirect lighting, is applied to the method of casting light on the walls or ceiling by means of translucent reflectors, which is the only difference between

indirect and semiindirect system of lighting. The current consumption for an equal amount of semiindirect light is said to be from forty to fifty per cent more than for a direct lighting system properly designed, while the current consumption for a purely indirect system is stated to be from fifty to seventy-five per cent more than the direct. This difference probably explains the frequent compromises resulting in the semiindirect systems. Undoubtedly the semiindirect system of lighting is less tiresome to the eyes than the direct system, but some office managers question whether there is any real saving over the indirect systems.

With indirect lighting the eyes are protected from the brilliancy of the lamps, since the light reflected from the ceiling is largely diffused before reaching the working plane. Indirect lighting is perhaps the only practical means of hiding the lamp without cutting down its light giving qualities. Where this system is used the ceiling or reflecting surface must of course be white. When offices are located in factories or buildings of mill construction this is often impossible, but usually even there it is possible to get a fairly good reflecting surface by painting the ceiling properly.

From the standpoint of eye efficiency, indirect lighting is about the nearest approach to sunlight that can be devised. It is true that the consumption of current by this method is from forty to seventy per cent greater, but some managers who are using this system believe that the increased efficiency of the workers pays for the difference in cost many times over.

Dr. C. E. Ferree has arrived at some very interesting conclusions. Some of them have been disputed by electrical illuminating engineers, but his experiments were very thorough and the results should cause a widespread investigation.

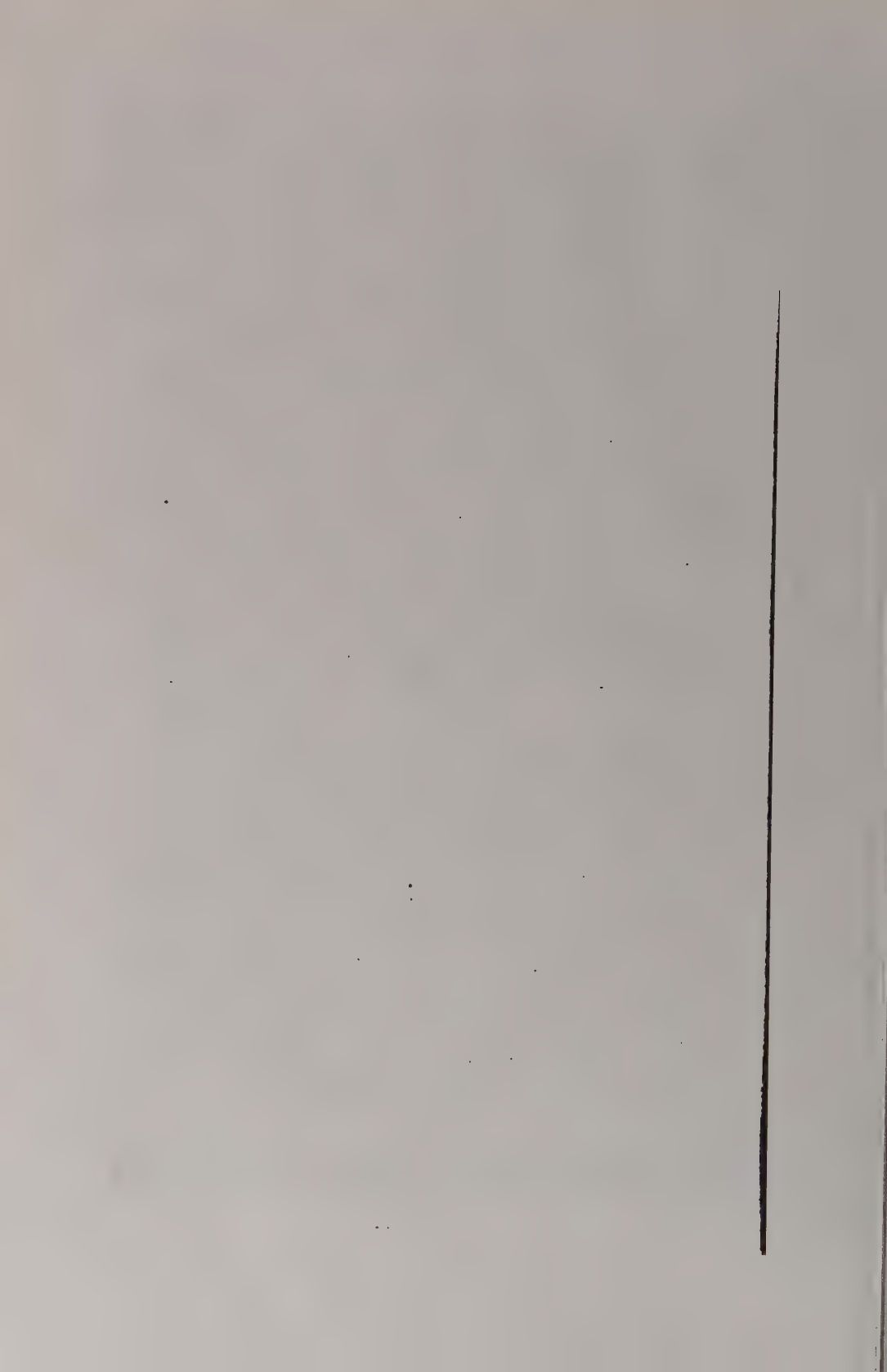
Dr. Ferree started out to find whether or not the eye shows a loss of efficiency after three or four hours' work under a given lighting system. He prepared a series of test cards from which the factor of memory was eliminated, containing a number of conventional letters and lines at which the subject was required to look intently and record on a rotating drum the time during which he saw them clearly and the time he saw them blurred. This test was continued during periods of three and

four hours and a ratio established showing the proportion of clear vision time to blurred vision time. Those who wish to go further into the detail of Dr. Ferree's experiments will find his paper unusually clear and interesting.* Dr. Ferree states:

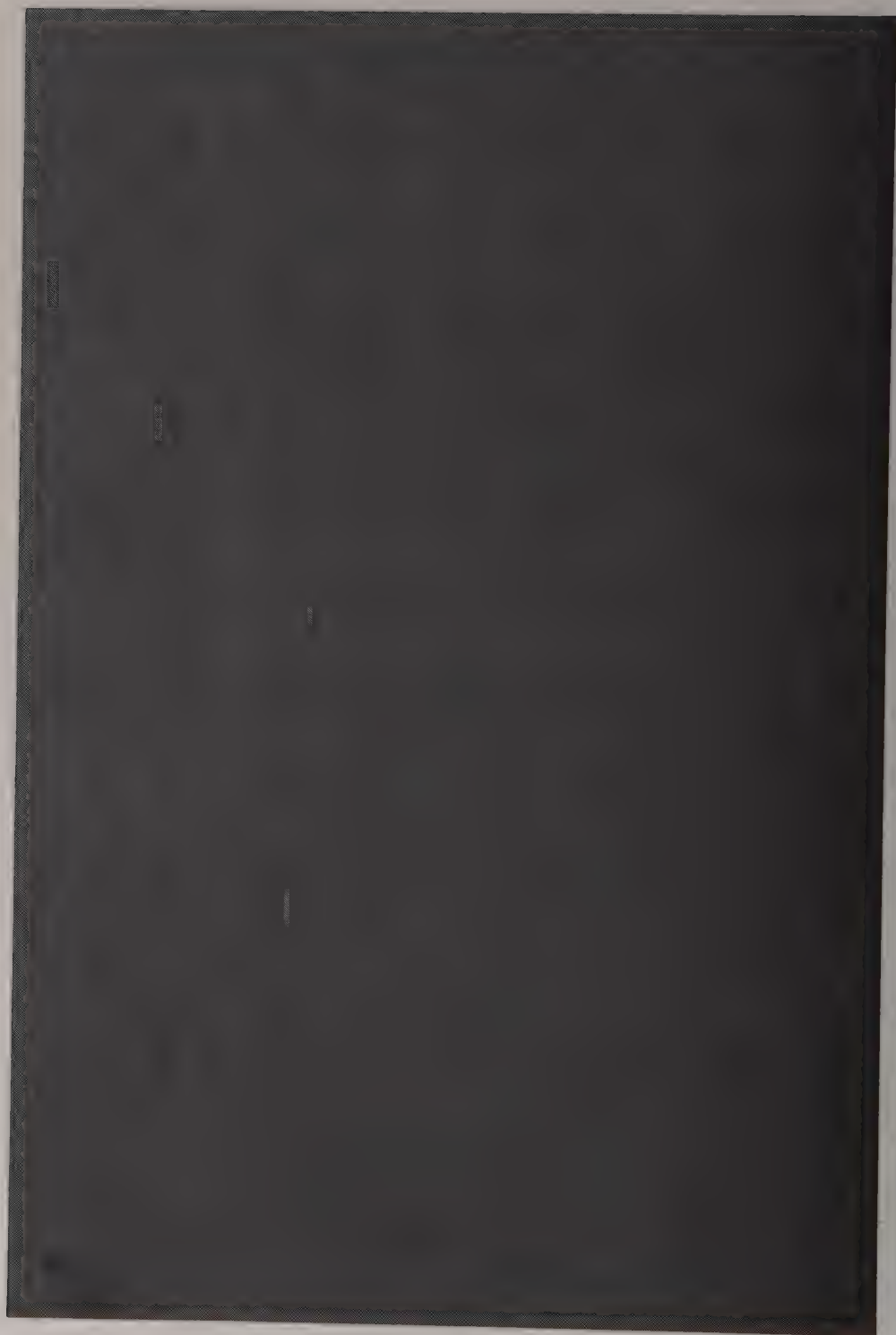
The intensity recommended by the Illuminating Engineering Society in its primer issued in 1912 ranges from two or three to seven or ten foot candles, depending upon the kind of work. Five foot candles are taken as a medium value. This medium value is approximately three times the amount we have found to give the least loss of efficiency for the type and installation of semidirect lighting we have used. The intensity we have found to give the least loss of efficiency for this type of lighting does not give maximum acuity of vision as determined by the momentary judgment. At an intensity that does give maximum acuity of vision as determined by the momentary judgment the eye runs down rapidly in efficiency. That is, in this type of lighting one or the other of these features must be sacrificed. High acuity and little loss of efficiency cannot be had at the same intensity. This can be had only under daylight or under the indirect systems of artificial lighting. However, the amount of light we find to give the least loss of efficiency seems to be sufficient for much of the work ordinarily done in the office or home.

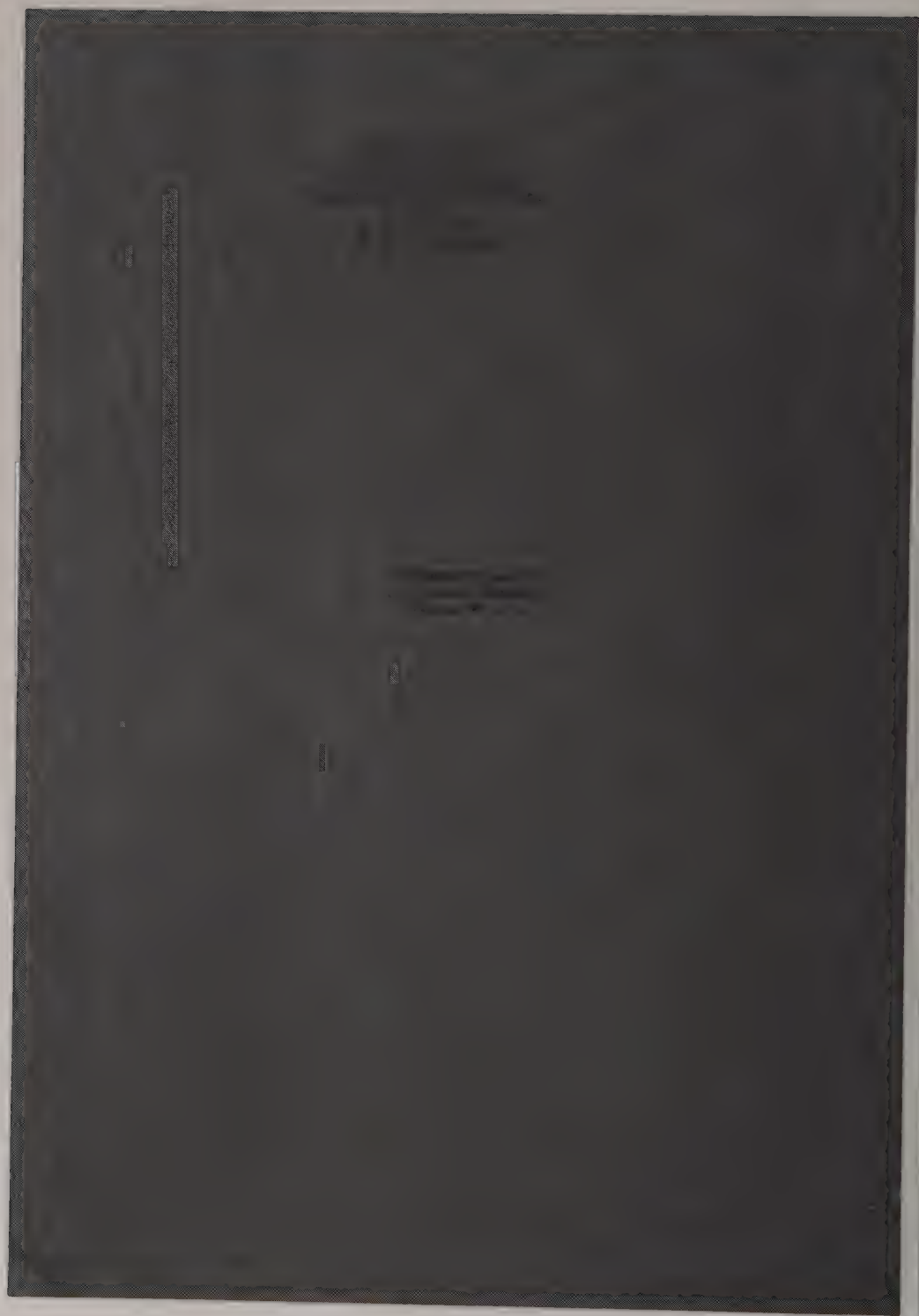
The semiindirect systems of lighting are intended to represent a compromise between the direct and indirect systems. A part of the light is transmitted directly to the eye through the translucent reflectors placed beneath, and a part is reflected to the ceiling. By giving better distribution, this system is also supposed to be a concession to the welfare of the eye, but our tests show that the concession is not so great as it was supposed to be. In fact, installed at the intensity ordinarily used, or at an intensity great enough for all kinds of work, it is little better for the eye than the direct system. At these intensities the bright sources of light, which seem to be the fundamental cause of damage, have not been eliminated, nor even reduced, so as to give much relief to the suffering eye. Until this is done in home, office and public lighting we cannot hope to get rid of eye strain with its complex train of physical and mental disturbances.

* "The Efficiency of the Eye under Different Systems of Illumination," by C. E. Ferree, a paper read at the seventh annual convention of the Illuminating Engineering Society, Pittsburgh, Pa., Sept. 22-26, 1913.









DATA ON VENTILATION

The story of the Black Hole of Calcutta is familiar to all of us, but its lesson has not yet been universally learned. The necessity of fresh air has been shown by the tuberculosis agitation and nearly everyone knows that pure fresh air is an absolute necessity for life. Many business men have, however, not yet applied to their offices the logical conclusion from these well-known facts. If fresh air is necessary for life, it must certainly be necessary for good work.

There have been many contradictory theories of ventilation, none of which however has denied the necessity of pure, fresh air for efficient work. They have all revolved around the question as to just what were the harmful elements in impure air.

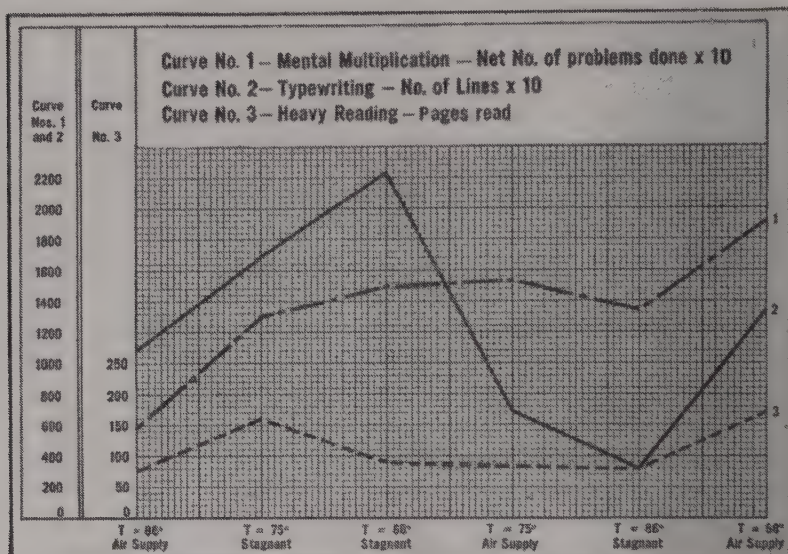
Through the work done by municipalities in ventilating schoolrooms, the methods of thoroughly ventilating large rooms occupied by many people have for many years been well known. Even so, this knowledge has perhaps rarely been used outside of schoolrooms and theaters, where ventilation may be compulsory.

Kendall Banning tells about one company which found that every cold contracted by its employees cost twenty-four dollars. It is well known that colds are often due to improper ventilation.* Another company, manufacturing straw hats in Baltimore, found that the percentage of sickness during two winters was 27.5. An investigation revealed defects in the ventilation and heating system. Proper ventilation was provided and the percentage of sickness dropped to seven.

Although one manager thinks the estimate of four per cent increase in efficiency is perhaps too low, let's suppose there

* "Figures to Prove That Ventilation Pays," by Kendall Banning, *SYSTEM*, Volume XXX, No. 3

were one hundred clerks getting an average wage of six hundred dollars a year, which means an annual payroll of sixty thousand dollars. Four per cent of this would be two thousand four hundred dollars, a sum sufficient to pay for a very elaborate ventilating system.



HOW ATMOSPHERIC CONDITIONS AFFECT OFFICE WORKERS

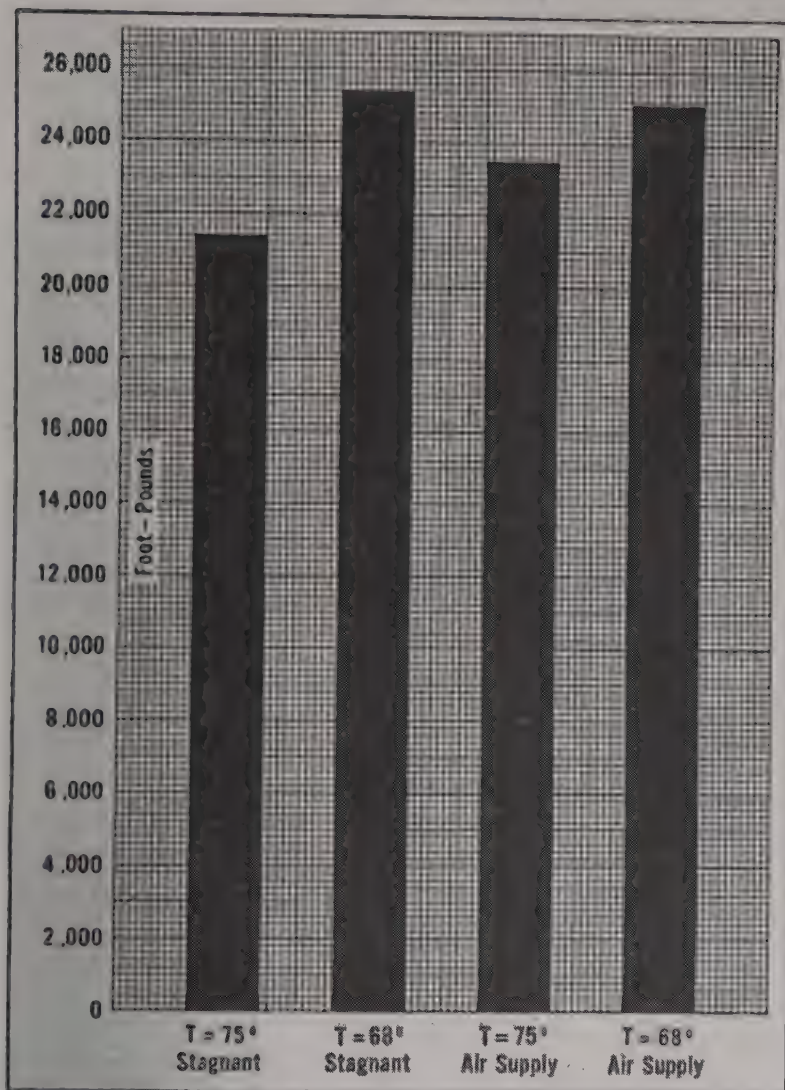
The graph shown above, together with the one on the next page, shows the results of tests made by the New York State Commission on ventilation. One of the conclusions arrived at, as indicated by this graph, is that the air a worker breathes has a direct bearing upon his capacity as expressed in the output

It is quite true, of course, that many offices are located in old-fashioned buildings not provided with ventilating systems. For these it is perhaps well to mention a few makeshifts that are certainly better than nothing at all, if renovating is considered too expensive.

First is the electric fan. It has been demonstrated that air that is in circulation is much better than stagnant air. The one drawback to the electric fan is that it also stirs up particles of dust under certain conditions.

Then there is the window ventilator. The window itself as a ventilator is lacking, but there are ventilators which deflect the cold air upward. By leaving the window open a few inches

fresh air is admitted. Fresh air, however, is not always pure air, especially in large cities. Perhaps another problem to be met in using ventilators of this sort is that on cold days the



AIR AND THE INCLINATION TO WORK

A group of men on whom the tests were made did 37% more of precisely the same work at 68 degrees than they did at 86 degrees under exactly similar conditions. This finding would seem to warrant the conclusion that a temperature of 68 degrees is perhaps the most desirable in an office

employees sitting next to them often close them because the cold air is too uncomfortable.

Perhaps one of the most effective makeshift ventilators is a simple exhaust fan which exhausts the stagnant air in the room. This air must be replaced by other air which comes in from the outside at every opportunity, through the windows and doors, but does not come in at any one place in sufficient volume to cause uncomfortable drafts.

A comparatively cheap ventilating system is one which pumps in enough fresh air from the outside, passes it over steam coils, and heats it before it enters the room. A system like this, capable of heating and ventilating an office of one hundred people, can be installed for a surprisingly small sum.

Here is an interesting list of resolutions passed by the Chicago Commission on Ventilation, which reduced its findings to specific terms by means of them:

1. That carbon dioxide, as encountered in working practice, is not the harmful agent of major importance in expired air or air otherwise contaminated.

2. That a temperature of 68 degrees Fahrenheit with a proper relative humidity is the proper maximum temperature for living rooms artificially heated.

3. That in the present state of knowledge it is impossible to designate all harmful factors in or associated with expired air.

4. That the principle of ventilation by currents is preferable to the principle of ventilation by dilution.

5. That for adequate ventilation, smaller volumes of air suffice when introduced by currents than when introduced by dilution.

6. That ventilation which utilizes the principle of convection in producing currents is more effective and economical than that which neglects this principle.

7. That upward ventilation currents in crowded rooms are desirable, provided the sources of air supply are free from contamination.

8. That in making use of upward ventilation, attention should be given to the counteracting of wall and window chill.

9. That in those processes of manufacture where considerable CO₂ is

liberated, the CO₂ content is not a proper index of air pollution.

10. That for the removal of kitchen odors, body odors, stable odors, and other odors associated with heat production, upward ventilation is more efficient than downward ventilation.

11. That the delivery of a certain volume of air per unit of time, per occupant, into a given space does not necessarily constitute ventilation.

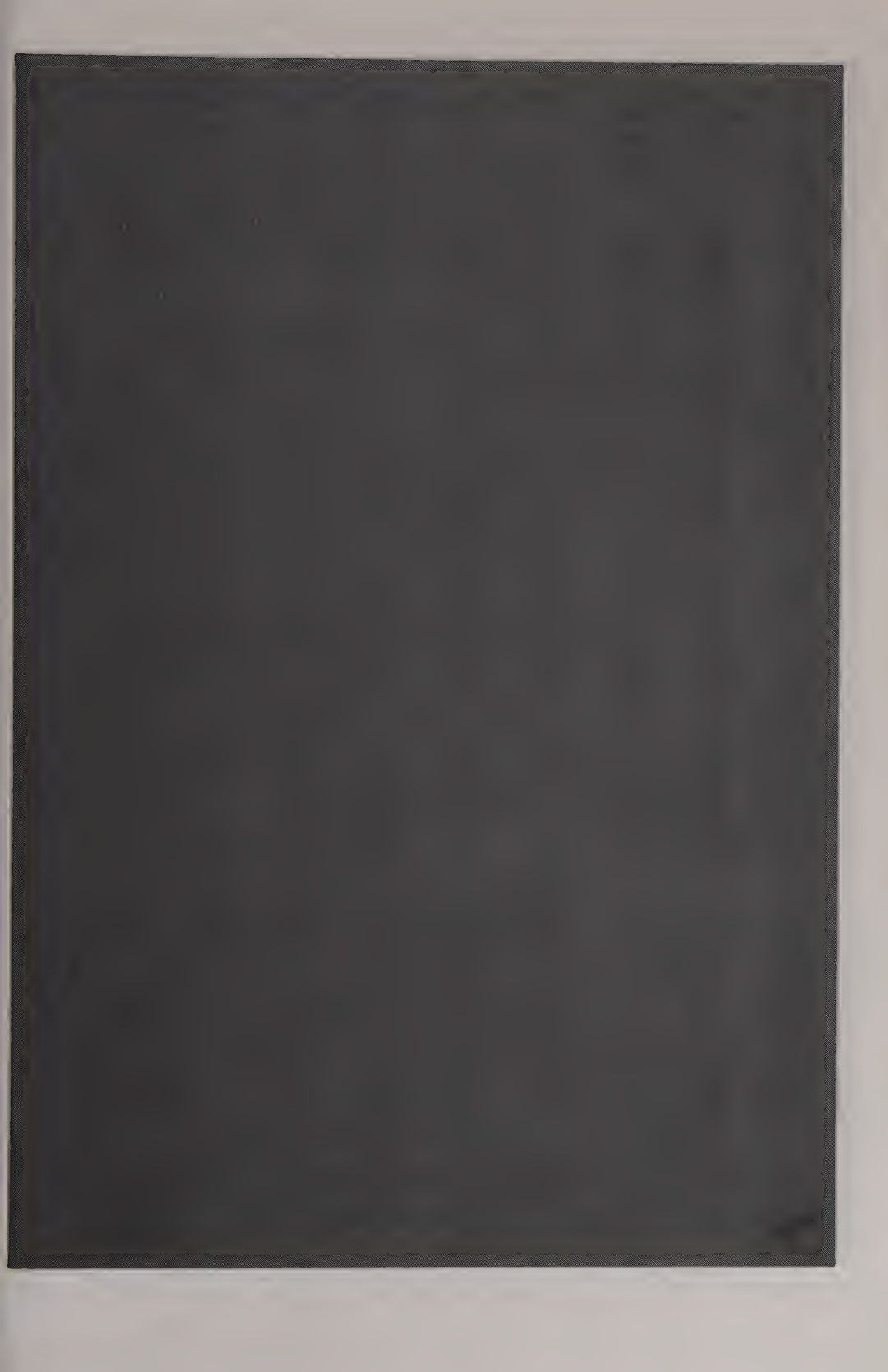
12. That air which is introduced into an occupied room in such a way that it strikes the occupants should be not lower in temperature than 60 degrees Fahrenheit.

13. That heating and ventilating are two distinct problems, and, therefore, the installation of heating and ventilating systems, whether separate or combined, should be such that neither system shall interfere with the efficiency of the other.

14. That from the standpoint of health, relative humidity is one of the important factors in ventilation.

15. That efficient air cleaning devices are desirable in all ventilating installations where the air supply is liable to be contaminated by dust or other objectionable matter.

16. That the bacterial content of the air is an important factor in all ventilation, and bears a direct relation to the source and quantity of the air supply.





DATA ON ADVERTISING DEPARTMENT RECORDS

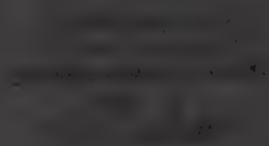
By L. W. LILIS

*Supplementary to Section VI of "Scientific
Office Management" by W. H. Lippincott*

A. W. SHAW COMPANY

CHICAGO NEW YORK

LONDON



UNIVERSITY OF
MICHIGAN LIBRARY
ANN ARBOR, MICH.

ADVERTISING DEPARTMENT RECORDS

By L. W. ELLIS

Some fellow's formula for efficiency runs like this: "First, pick a good man; second, give him a definite job; third, leave him alone." If my former general manager hadn't followed the last two-thirds of this formula to the letter, there wouldn't be any story. In fact, I am inclined to believe that the first part of the formula—about the good man—is superfluous. Almost anyone can learn to swim right off if he has to. Just take him young and throw him into deep enough water with nothing but instructions to kick and paddle. He'll swim all right. That's about all the help I got—a definite job and liberal language from the side lines. But I keep afloat.

Herbert Casson told me once that system wasn't the only thing to efficiency, not by a long shot. He said it was the easiest thing in the world to standardize a practice that was all wrong. Efficiency picks out the right thing to do and then systematizes it. So if any of the systems I talk about won't apply to your business, forget them, quick. The only excuse for talking about them at all is that I shall explain not only the system but the reason for it. Then perhaps, having the reason, you can find something that will apply or can be adapted to a similar condition in your own business.

This concern started business in 1853. In the fall of 1906 it hired its first advertising manager. He was a good one—very far-sighted. He devised splendid record systems—lots of them—and trained a splendid girl to keep the records.

After three years he left for a bigger job. A young chap from a smaller competing company took his place. He was a fine fellow and a good producer, but he kept his transactions mostly under his hat. The clerk-of-all-work nearly went crazy

trying to keep track of details for the ten weeks this man was in full charge.

Then, just at the close of the year, events happened fast. The company reorganized as a \$22,000,000 corporation, bought four other companies outright, and rapidly took on the sale of products from fourteen more factories. All advertising plans had been held up, of course, awaiting this merger. As soon as it was completed all hands wanted display advertising, catalogs, contract forms, and the like, at once, for the active selling season began the first of January.

New Year's Day dawned fair and colder. I can still think of that day and shiver. For on that day the big boss called me over to his house, wished me a Happy New Year, and wished on me a job as advertising manager. Honestly, I couldn't tell a half-tone from an electrotpe. Yet within twelve months we organized a big department and turned out a thousand separate advertisements and a thousand separate jobs of advertising literature. The young chap I mentioned as my predecessor stayed on but died in May. His successor came in June and went to the hospital in September for the remainder of the year. The rest of the little staff was almost as green as I was. And that's not the worst of it.

The week my assistant died they turned over to us the sales correspondence department with 62 people. They gave us the multigraph room, and we turned out a million letters and forms that year.

We got the photographer; the house organ; a sort of educational publicity bureau; a research department; and the repairs catalogs. And then, for good measure, we got the stationery purchasing department and stock room, which was handling about 1000 live forms. We apparently got the management of everything that was loose.

Remember, we were dealing with the products of 19 different factories—950 separate items to advertise, both here and abroad—and we had the whims of 49 branch houses to pacify. It was a beautiful field for organization—one of the most nearly unlimited opportunities I ever saw. Nobody outside the department cared how we ran it so long as we got out a carload of advertising every Saturday morning.

But you've got to leave him alone to run his job: My bosses were too busy running theirs to care how I run mine. I had a definite job and I was left alone. So the efficiency formula—two-thirds of it—proved out.

[illegible]

The upper form is the order for special service work. On this sheet are given specific instructions as to what is required, as well as the authority for the order, to what the cost is to be charged, and so forth. When the job is finished a report is made on the lower form and signed by the man doing the work.

So much for the conditions. Let's get down to routine. Let's cut out the sales correspondence section and the stationery section. Then we can consider the real advertising department as it was finally organized. Keep in mind the fact that we had to organize as we went and produce a tremendous volume at the same time. We made plenty of false moves—we were

human—but we started out with some pretty definite principles. And because they worked I make bold to tell you that they will work in your department—I don't care how small or how big it may be. These fundamental principles are about as follows:

1. Definite written orders on each transaction
2. Permanent records, properly grouped
3. Division of labor (at least division of functions)
4. Written standard practice instructions covering routine procedure
5. Capable understudies
6. Periodical analysis and report
7. Satisfactory reward for the individual

*Advertising
operations*

ORDER FOR ADVERTISING					
Series _____		Topic _____			
Whole number _____		Date of order _____		Territory _____	
Copy sent _____		Cuts sent _____		Copy by _____	
Size of space _____		Page _____		Layout by _____	
		Lines _____		Inches High _____	
				Inches wide _____	

MEDIUM	DATE			DATE	
	PUBLICATION	CLOSE		PUBLICATION	CLOSE

Lines to be treated _____

Remarks on copy _____

Remarks on illustrations _____

Signed _____

THE ORDER SHEET FOR DISPLAY ADVERTISEMENTS

This interesting form gives the required data for properly preparing each display advertisement and also ties it up to the campaign of which the advertisement is a part. The data given includes the dates of closing and publication, the territory and the products affected, and the dimensions of the advertisement

Keep them in mind and we'll come back to them later. You practice them to some extent or you aren't making the most of your job. Now let's consider the machinery, starting with the first cog.

Take first the educational publicity work, or what you might call the service section of the department. We had a "special

These sheets were numbered. One copy went into a numerical binder in my desk; one into a "special service job envelope" in the Record Clerk's file; one to the workman. When he finished the job he made his report, noted the time and expense on his sheet, and turned it in to me with all collateral material. Eventually it all went into the Record Clerk's job envelope. We had the basis for an accurate billing on work done for other departments. We had a continuous record of work in progress. And we had a permanent history for future reference.

[illegible]

The dovetailing schedules on the different products advertised require a compact record of the contracts or the approved estimates, against which insertions can be charged as they are run—a sort of perpetual inventory. This card is also convenient for checking insertions before the invoices are received

(5)

We used nearly 1000 separate advertising orders the first year. Two-thirds of them—trade paper advertisements, mostly—were filled in our own copy section—the rest by the agency. But on every one of them we had a complete record of the time, the place, and the purpose. Our advertising envelope held the typewritten copy and proofs of the finished advertisement. The face of the envelope showed the costs. We didn't try to remember, or guess, or even suspect—we knew.

[illegible]

Here is the final resting place of the advertisement order, the manuscript copy, the proofs of the advertisement, and special correspondence. The printed form on the outside, as shown here, gives all the costs of getting up the advertisement, such as art, plates and composition, but not the cost of the space

Again, there was job order for each piece of advertising literature. When a sales promotion manager asked for a piece of literature, a souvenir, or some display material, we made him sit down and think it out with us. We set down rough specifications as to size, cost, postage, quantity, distribution.

product, copy and illustration plan, and so forth, and get his approval. Then we could work intelligently.

The Record Clerk supplied the job and form numbers. The copy man's duplicate was pasted in a folder, or jacket. He kept all his material in the jacket instead of lying around loose. When he wasn't working on the job the jacket was supposed to be in the job envelope. And while the job was progressing the Record Clerk's envelope was accumulating purchase orders, correspondence, and the like, for a complete, permanent record.

ORDER FOR ADVERTISING LITERATURE AND NOVELTIES					
Subject _____					
Job number _____		Date of order _____		Date expected _____	
Form number of advertisement _____		Last job number _____		Quantity ordered _____	
Number of pages _____		Size (approximate) _____		Inches high x _____ inches wide	
Postage _____ cents;		estimated cost, each _____ cents;		total \$ _____	
Stock: Cover _____		Ink _____			
Inside _____		Ink _____			
Requested by _____			Authorized by _____		
For the benefit of _____					
Department Division _____ Branch _____ Line _____ Dealers					
Circulation: Sale _____ Exhibitions _____ By mail from the branches or the home office _____ By the salesmen and dealers					
Envelope stuffers _____ Catalog insert _____					
Immediate distribution: Dealers _____ Branches _____					
Reserve stock _____					
Remarks on circulation _____					
Copy to be furnished by _____ Date _____					
Remarks on copy _____					

THE JOB ORDER FOR ADVERTISING LITERATURE

Whenever any display material, such as advertising literature, novelties, and so forth, are required, the rough specifications are first set down covering the size, cost, postage, quantity, distribution, product, copy and illustration plan. Then the order is O. K.'d and the work is started

The copy man working on an advertisement, or catalog had to make a written requisition for library or illustrative material wanted. Red Tape? Sure, but with as high as 100 advertising and job orders out at one time we had to know where and what, and the boys soon saw the point. When they didn't see it we had a heart-to-heart talk. Life those days was too short for us to spend running around in circles.

We locked up six finished copies of each job as soon as we got through, and nobody but the legal department could draw

on this reserve. Just another bit of caution that might save a trade mark now and then, besides making it easier for succeeding generations of copy men.

There was a circulation-work order for each job of direct mailing, covering the material to be used; list circularized; details of matching, signing, sealing, postage, and so forth, and finally the report of time, costs, and the like, to be filled out by the Circulation Forewoman and the Record Clerk.

Each girl in this section, by the way, made out a daily time sheet. This gave us exact cost records on jobs and efficiency records on the girls. More red tape, but in 18 months we graduated 19 girls to better jobs downstairs as a result of our telltale figures.

There was a definite order blank for multigraph work, and the operator kept an envelope on each job. Results—we made a nice profit out of other departments. We soon found out just where we could beat the printer and where we couldn't, and chose our work accordingly.

There were, of course, definite purchase and shipping orders. We issued definite specification to printers—one form for literature and one for stationery and forms. Naturally we had written stock room records. Verbal orders didn't go anywhere around the place.

We got rid of buying the stationery and storing it, but first we corralled the compiling of it, including forms, of course. We cut out about 20 special letterheads. We standardized dozens of ledger forms involving special non-stock binder sizes and unnecessary waste in cutting expensive stock. We eliminated dozens of unnecessary shades of color and kinds of stock, and enabled the local printers to lay in good reserves of standard papers with some assurance that they would be used. And we got much quicker delivery.

We did all this by a dummy specification sheet, made out in conference with the department head requesting the form. We got him to say "yellow" and "about so big" and leave the rest to us. Then we issued a regular specification sheet calling for a standard size, weight, and color. The purchasing department did the rest, all but keeping the inevitable envelope.

Don't get the idea that all these orders and records were

JOHN HANCOCK COMPANY

BOSTON, MASSACHUSETTS

SPECIFICATIONS OF PRINTED MATTER SUBMITTED FOR PRICE QUOTATION TO

GENTLEMEN: —

Please give us an immediate quotation upon the following printed matter, the specifications for which are here given:

Description	
Quantity	
Number of pages	
Trimmed size body	
Cover size	
Stock, body, size, quality and weight	If the stock is furnished by us, it will be of satisfactory working quality, in the sizes you direct
Stock, cover	
Inks, body	
Inks, cover	
Number of pages of composition in the body	
Composition on the cover	
Binding	
Number of illustrations	
Size of illustrations	
Number of illustrations to the page	
Delivery of the copy and cuts to you	
Proofs	
Delivery	Say when, provided the cuts and copy are delivered to you as stated above
Special	
Remarks	
PLEASE NOTE	Fill in spaces left blank for that purpose, then sign below and return to JOHN HANCOCK COMPANY, Boston, Massachusetts, addressing the envelope "For the attention of the _____ department."
Respectfully submitted	Accepted:
(Name of your company)	
By _____	By _____

THE REGULAR SPECIFICATION SHEET

A sheet like this is used when obtaining bids from printers. By giving clear, concise, and definite specifications for every job of printing, a large part of the uncertainty as to just what is desired is removed, and all bids on the same job are therefore more likely to cover the same quality of material and workmanship

improvised

installed the day after New Year's. Every kink in the system grew out of some hair-raising muddle and was adopted in self defense. Every time a row occurred that could be traced to a weakness in the system we got the evidence together, consulted everybody involved, worked out a routine and then set down in writing just how that subject should be handled thereafter.

You may call it a rule book, a law book, a Bible, a book of routines, a manual, or what-not, but if you can run an advertising job without written standard practice instructions of some sort you can begin Monday morning to make yourself a better manager by writing it all down. Make every man, woman or office boy that has individual responsibility write down, just what he does and just how he does it. Take these essays, edit them, see how they dovetail—or don't dovetail—then, with this picture before you, face the fact that your main grief is probably your own fault and not the fault of subordinates who are working at cross purposes at your own direction.

*help
true
documented
result*

There is no detail of operation too small for your earnest attention—once. You can profitably spend a half-day, if necessary, in consultation with a six dollar office boy as to the best way for that boy to handle the details of his job. But after you've reached an agreement, and considered the boy's functions in relation to the advertising department and to all other departments, you are criminally negligent if you don't write it down where it can't get away. Reduce that boy's job to writing and file it as a law that will give him supreme authority to run himself without direction and without interference. If you don't, you're not doing your utmost in making responsible men out of those under you. And you're not so good an executive as you might be.

Give every person under you a definite job and written authority for doing it. Then let him alone and make everybody else leave him alone so long as he stays on the track. Then you're a real manager—not a gang boss. One careful decision as to procedure can be made to apply to a hundred cases. Make your decision with the consent of the governed, then make all hands stick to the letter of the law until you find a better way and then make that the law.

The funny thing is that if you do insist on standard practice a staff soon gets to like it. It restricts action of course, that

is, action on hunches. But it also gives each individual absolute freedom of action within the limits of his job. It separates functions, makes decisions in advance, and greases the machinery until an organization becomes self-managing to an almost unbelievable extent.

An engraver said one evening, "How do you do it? I've been around here all day. Everybody is working—everybody seems to know just what to do—yet nobody is giving orders and nobody is running around asking for them." It was a very sincere tribute to our standard practice book.

STANDARD
Practice

As each procedure was adopted and written up, three copies were made. One was posted for three days on the bulletin board. One went into my book. The third was routed, and after each individual concerned had initialed it, this copy went into a third book which was always at the disposal of the staff.

Standard
Repository

When a man got off the track we had him—he couldn't plead ignorance of the law. Changes and corrections went through the same routine. Orders and general policy information from downstairs went into the book as issued. If they conflicted with our standard practice we raised the issue at once and I can say that we got those conflicting orders changed more times than we changed our own.

We had to keep the book right up to date. Standard instructions had to be followed until someone found in a pinch that they wouldn't work. Then he had to show why and draft a new regulation. Our department grew very fast. The book was a godsend when it came to breaking in new people. A new man's first job was to study the book for at least three days. Then he was ready to go to work without bothering busy people with a lot of questions. He didn't have to ask what a given file was—all he needed to find out was where it was located.

But perhaps the most satisfying use of the standard practice book was in keeping other departments on the track. In any company you are bound to have clashes between departments. We could always show that our people were not running wild. After bumping into our book for a few months the two departments that gave us the most grief—sales and purchasing—started a book of their own.

I appropriated the idea from the Larkin Company. You who know how standardized that concern is can judge whether

DATE ISSUED	PRODUCTION ORDER	DATE WANTED
--------------------	------------------	--------------------

Covering _____	Whole number advertisement _____
Title or subject _____	Form number advertisement _____
Assigned to _____	Job number _____
Art work ordered of _____	Date _____ By _____
Plates ordered of _____	Order number _____ Date _____ By _____
Printing ordered of _____	Order number _____ Date _____
Moss approved by _____ Date _____	Layout approved by _____
Copy approved by _____	Revised approved by _____
Final approval Date _____	By _____

PROCESS OF THE ORDER

PRINTER	ENGRAVER	PUBLICATION
---------	----------	-------------

Notified space scheduled _____ Copy sent _____ Layout sent _____ Cuts sent _____ Retouched copy in for O.K. _____ Retouched copy returned _____ Number of proofs wanted _____ 1st proof received _____ Returned _____ 2nd proof received _____ Returned _____ Final proof received _____ O.K'd proof returned _____ On press _____ Remarks _____ 	<p>Form number _____ Whole number _____</p> <p>Delivered to _____ Date _____</p> <p>To be sent _____</p> <hr/> <p>Form number _____ Whole number _____</p> <p>Date _____ Following in _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p align="center">Received this Production Order complete from advertising production manager.</p> <p align="right">Signed _____</p> <p>Date _____ Form number _____</p> <p>Whole number _____</p> <p align="center">CHIEF CLERK ADVERTISING PRODUCTION DIVISION</p> <p align="center">Please furnish following:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p align="right">Signed _____</p>
--	---	--

Delivery promised _____	Begun _____	Completed _____
Job examined and approved by _____		When _____

This is a two flap folder just large enough to go into the job envelope when folded. The insert shows a portion of the right hand flap, which provides a receipt for the order, and requisitions for material. The copy man puts all his material into this jacket, which is kept in the job envelope when not in use

One more illustration and I'm done with this topic. After 16 months of organization and production I was ready for a vacation. We hired an assistant manager—a good man. He

[illegible]

On the front of the job envelope are given the job number and brief specifications for the job, the bids received, and the approximate distribution of the material. The back contains a complete record of all art work on that job. Correspondence, duplicate invoices, and other papers are filed in the envelope

(13)

a month or so later, I found the department running smoothly along, somewhat worried, but practically intact, and I had hardly been missed.

The standard practice book saved my job. It saved jobs for the people in my department. And I say to you that if you can get your department, big or little, to build a real standard practice book for you, you and they can weather almost any storm that ordinary business can develop.

WORK ORDER—CIRCULATION ROOM						
Series _____		Subject _____				
Job number _____	Date of order _____	Work for _____				
Details of work material _____						
COST SHEET						
Work begun _____		Completed _____		Report dated _____ 191__		
Item	Quantity	Hours	Cost per 100		Total	Remarks
			Estimated	Actual	cost	
Stamps _____						
Envelopes _____						
Letters _____						
Labor _____						
Overhead _____						
Totals _____						
Work and material furnished to advertising department _____						
Distribution of charges _____						
Signed _____		Circulation clerk _____		D. R. 'd by _____		

THE CIRCULATION-WORK ORDER

For each job of direct mailing a sheet like this is made out covering the material to be used, the list or lists to be circularized, and the details of matching, signing, sealing, postage, and so forth. This sheet also contains the report on the time and costs. It is filled out by the circulation forewoman and the record clerk

Of course you can't put people's names in a standard practice book. People come and go—an organization is permanent, if you build it right. So we gave everybody a title, sometimes two or three. When we started our organization on the basis of functions we found the same fellow on it in various places. That immediately suggested that some of them swap parts of their work. Then we had coherent units—no criss-crossing. Next we moved those units around to save steps.

We placed new stairs to land people in the secretary's room, which accommodated the secretary, one general stenographer, two messengers, the bulletin board, and a multiplex sample ex-

Normalized
Job Titles

Work flow

hibit. Traffic just naturally had to gravitate to and from this room as a center. It was the easiest thing in the world for an intelligent secretary to keep his finger on the pulse of the department while I stayed in my dug-out and worked. It took us nearly a year to get to a point where we felt really settled and could begin to refine our methods in detail. We had taken six departments that reported to the general manager and welded them into one; established definite written routines; charted the organization according to functions, and placed the different sections where they could get at each other with the least possible confusion.

The
factory
'Build out'

So now we may leave the general story of organization and take up a few of the every day details that might be of interest, not forgetting that we still have three main principles to account for.

I was personally responsible to the general manager for expenditures and policy. Our work was not censored in advance, but it had to fit. We had to know what was going on. We had to be up to the minute on the plans and acts of the general management, the sales department, the factories and the experimental corps.

That meant frequent conferences with department heads, but we also had an intelligence service, a regular spy system. That meant our being real friends with the local foremen, the local salesmen, men in the drafting rooms, clerks in the sales and traffic departments, the general manager's private secretary, and every man from the outlying factories or branches that we could get hold of. Every man in the department was constantly on the lookout. The staff prided itself on being the information center. Every clew was run down and every bit of information went into a morgue for instant reference. So our campaigns did fit, and we seldom had to make awkward explanations after the fact.

Intel
Base

The secretary's staff had a definite job, which was to let me alone as much as possible. They shunted callers. They sorted and disturbed mail, looked up previous correspondence, and answered most of my letters before I had the pleasure of seeing them. They sifted trouble cases and got all the facts before bringing me the grief. They discouraged the practice

of each employee's running in to see the boss every few minutes on some trivial question that a little thought would answer. Department people were taught to collect the points they couldn't answer and bring up a number of them at one time for concentrated work. The department got so it didn't care much whether I was in town or not. It ran beautifully so long as I let it alone.

Transparency

We had a very few confidential papers in the executive files. Everything else about the place was free as air and almost as easy of access. So I had no monopoly on information and didn't have to spend my time in dispensing it.

I kept one folder handy, labeled "Vanity and Ammunition." It held certain bouquets passed to us and sundry other bits of evidence that common sense told me would be useful in emergencies. I never went "on the carpet" without it. You can well afford personally to write a comprehensive annual report. Your concern may not ask for it. It may not be read. But it checks you up in your own eyes and places a milestone to tell you whether you are going ahead or back. I have done it for years and it is a liberal education to me now to read my old reports. It keeps me from being impatient now with fellows who know a lot more than I did at their present ages.

In this particular case my reports were divided as follows:

1. Status of organizations, including names of personnel, salaries and recommendations
2. Statement of policy governing the year's work, quoted from a previous statement, and comparison with the year's activities
3. An account of the year's work of each section
4. Statement of output and costs compared with the budget
5. Resume of continued and uncompleted work
6. Recommendations as to policy for the coming year
7. Estimate of appropriation required to carry out this policy

My file of annual reports would be my main solicitation if I were trying to sell myself to a new firm. As each report was written I was so close to the details that I had to tell the truth. I couldn't dress it up and leave out the unpleasant details.

Report fully to yourself at least once a year. It's good for what ails you.

The Record Clerk was a party to every transaction. Nothing could get by her. The machinery wouldn't work. Her records on jobs—ads, literature, special service, mailing, etc.—were based largely upon 9x12 envelopes, open at the top, with no flap. Four different envelope forms were used, printed front and back to accommodate for summary of costs, and so forth. These envelopes seldom left the files except when reports were being made up, or a new job of similar character was being laid out. Each envelope took the place of three to five previous card indexes and made it a simple matter to analyze our work.

We kept an expenditure book and analyzed our own expenditures. All invoices came first to the Record Clerk for checking against purchase orders, estimates, and so forth. Invoices were entered on the proper envelope, also in a book with parallel columns which distributed expenditures as they were posted. We made a monthly report based on invoices passed which gave a more satisfactory comparison with the appropriation than the controller's record of bills paid. Our annual report classified expenditures by products; by territories; by class of material produced; and by sections of the department. **Display advertising reports** showed the cost of space, commissions, cash discounts, art, and plates. Reports on literature showed quantities; distribution; and printing, art, and engraving costs.

We voluntarily went so far as to furnish the treasurer each month with a statement of his probable payments on our account for the next period. Shortly after the management was changed we outlined our absolute needs for six months in advance and were within two per cent of being dead right. So they let us alone some more. Our figures earned us the privilege.

Six girls, averaging \$44 per month made up this section for handling records and reports. They handled all job records; checking and clipping; rate and correspondence files; files of drawings and engravings; stock records; purchases, invoices and accounts, and did considerable stenographic work besides.

This section saved its cost and paid dividends every month in the year.

Experience
Curve
Context

Three other devices handled by this section are worth noting. One was a "Future Job" envelope, similar in size to the original but of different color. This was filed right behind the original. We put all kicks and criticisms on a job in the "Future Job" envelope—all suggestions and all data for the next edition. It discounted memory and gave the copy man a flying start the next time. The second was a system of permanent looseleaf binders—big ones—each devoted to one product in all its sizes and models. This was our "Morgue." Each binder covered in part:

1. Product's excuse for existence, such as the view of the inventor, builder, salesman, and so forth
2. Sizes, variations, and accessories
3. Territory or markets to which adapted and most favorable thereof
4. Field performance, comprising testimonials and records of tests
5. Costs, prices, competitive prices, terms, and discounts
6. Weights, shipping data, and the like.

In short we collected all the "inside" information that would give a new man a clear perspective before he began to write, as well as information up to the minute. It is a fact that our best catalog man was with us a year before he ever saw a threshing outfit at work. But by that time his vanity file was full of bouquets from the sales force.

Taxonomy
Hierarchy

The third device was an 8 $\frac{1}{2}$ x11 card that superseded five card indexes on illustrative material. We had the Dewey decimal system in our library so we applied it to our drawing and engraving files, also. The copy man found his information in the library and then went for his pictures under the same index number, or vice versa. This card recorded purchases, and data on inventory, filing, and shipping. It took care, not only of one drawing from a subject, but of all drawings, negatives, lantern slides, prints, engravings, and electros from that subject, in whatever form or size. When a man found the picture he wanted, he had before him a record of every reproduction that had been made of it and where that particular reproduc-

tion was—whether we had it, or a printer, engraver, or publication.

All this work of the record section may seem out of the question in a small department. But in a later connection I got it all done—substantially—but on a smaller scale, with one \$40 girl. The functions of such a section are the same, regardless of size.

We have covered five of the seven principles—written orders, permanent records, standard practice instructions, division of functions, and reports. The other two—understudies and the reward of individuals—are closely allied.

INDEX NUMBER				SUBJECT											
LINE	ITEM	SCREEN	SIZE	ORDER	PURCHASED FROM	PCB	QUANTITY	COST	COST	DRAWING	NEGATIVE	CABINET	DRAWER		
				DATE	NUMBER					NUMBER	NUMBER				
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
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30															
31															
32															
33															
34															
35															

MAKING ONE CARD DO THE WORK OF FIVE

This card records the purchase, filing, and shipping data of all reproductions of the same subject. Under "item" is noted the kind of reproduction, such as original, negative, or zinc. Thus each "line" number represents a detailed description. A proof that will identify the subject at large is pasted on the back

The death of one advertising production manager and the illness of another in our department threw a heavy load upon the next man in line. He passed his work on down. The extreme pressure of our regular work gave us no chance to speed up anywhere except at the bottom. Each of us subscribed to the theory that we ought not to do anything that could be done by cheaper help. As a result we had a capable

*TASK
DOWN-
SHIFTING*

understudy at every point. We very rarely had production interrupted because nobody understood what came next. Volume alone was the problem, week in and week out.

The introduction to our standard practice book pictured an ideal. This ideal was a state wherein any individual might be "fired," get sick, or die without being missed. That was the ideal from the company's standpoint. But it was also pointed out to the staff that the man who could be fired because he had put his job where it could be handled by somebody else was just the man the company was always looking for to fill a vacancy higher up. We were travelling fast, and promotions to new work came fast enough to give our ideal a definite meaning. To the man who kept himself ready for his reward our ideal was no empty dream.

PHOTOGRAPH REQUISITION									
DATE _____									
NEGATIVES				SUBJECT	PRINTS		ENLARGEMENTS		PRICE
<input type="checkbox"/> Negative	<input type="checkbox"/> Copy	Size	Negative number		<input type="checkbox"/> Mounted	<input type="checkbox"/> Unmounted	<input type="checkbox"/> Black and white	<input type="checkbox"/> Sepia	
<input type="checkbox"/> Black					<input type="checkbox"/> Matte				

These are wanted for	
Name _____	Street _____
City _____	State _____
Charge to _____	
Remarks _____	

ADVERTISING DEPARTMENT	

KNOWING WHERE THE PHOTOGRAPHS ARE

Illustrative material is useless if it can not be located within a reasonable time. An uncomplicated form somewhat like this one is used to requisition photographs, or other library material, and makes the handling of this work comparatively simple, especially when several orders are out at one time

The executive who isn't constantly figuring out bigger jobs for his men, so they can make more money, isn't growing. The most humiliating occurrence I can think of is to have a good man come and ask me for more money. I always try to "beat

him to it." And I've lost very few men that I didn't help to get a better job somewhere else. The employee who keeps his job all to himself for fear some one will take it away from him will never have a better one. He'll be the man with the one talent, and on the day of reckoning he'll lose that.

But it's the manager's job to give him the right slant—to help him develop his understudy—and to find the man's reward. If he can't possibly find it in his own concern then let him graduate the fellow when he's ripe and fall back on the understudy. Keeping men who don't belong to you doesn't get you anywhere.

Harrington Emerson has twelve principles of efficiency. I don't know what they are. Taylor, I think, has ten. I started out by giving you three—get a good man, give him a definite job, and let him alone—and said that under some conditions the last two were enough. I've outlined seven. You probably can write those over into five, or nine. The number doesn't make much difference. They all arrive at the same total.

I started to talk about system. System is one thing—details, routines. I've told you about a few of the systematic devices we found useful. But it's hard to talk about systems without explaining conditions. It's hard to talk about conditions without getting off into the theory of organization. And then you run right into the subject of efficiency, which is nothing but the standardization of good systems. I believe that most men, if they had been put up against a similar job, would have reacted about as I did. So I have given you my experience as I see it, believing that the principles I had to recognize to keep ahead of this particular job—the hardest job I ever want to have—will stand the test in yours. The system perhaps won't apply. The seven principles will.





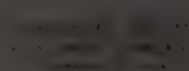
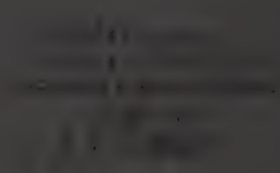
DATA ON RECORDING AND HANDLING CREDITS, COLLECTIONS, AND COMPLAINTS

*Supplementary to Section XI of "Scientific
Police Management" by W. H. Lippincott*

A. W. SHAW COMPANY

110 NASSAU ST., NEW YORK

U.S.A.



DATA ON RECORDING AND HANDLING CREDITS, COLLECTIONS, AND COMPLAINTS

Here is the system used by one exceptionally successful house for recording all correspondence and papers having to do with credits, collections and complaints.

The credit manager uses folders like that shown on page 2 for keeping all correspondence and data referring to the credit of the firm's customers. At the top center of the folder is the general information about the customer, such as the name, the address, the rating, references, the name of the customer's bank, and so forth, with room for any remarks. Directly below this are spaces providing for a complete record of collections made through attorneys.

On the left side of the folder is a history of the account, with columns for the date, the amount, the discounts, the dates of payment, and so on. At the right is the date the account was opened, as well as spaces for indicating the credit limits placed by the credit manager. Directly below this is a table of credit limits, which provides for three kinds of customers—those who discount, those who pay promptly at maturity, and those who are fair pay. In the first column of the table are the symbols designating the class to which each kind of customer belongs.

Into the folder are put all correspondence, reports, and other papers referring to the credit of the customer. The manager finds it quite helpful to paste the reports on the inside of the front cover, where they are always ready for immediate reference. Thus the folder contains a complete record of everything pertaining to the customer's credit with the house.

Three forms comprise all the records that are needed to handle the orders, collections, and complaints received by the

In order to clearly understand just how this probably unique system works, a glance first at the routine of the order department will be helpful. When an order comes in, a colored sheet like that shown on page 8 is attached by the mail opener to the order, which then goes to the order clerk. Here

[illegible]

Into a folder like this are put all correspondence, reports, and other papers referring to the customer's credit. By pasting all the reports on the inside of the cover, they are permanently fastened to the folder and yet are always ready for immediate reference by the credit manager

The registry clerk sends the order to the plate department,

B

No. 52397

Carl A Klemm
204 Paul Jones Bldg
Louisville, Ky

PLATE IMPRESSION

Carl A Klemm
 204 Paul Jones Bldg
 Louisville, Ky

9.20

June 2, 1917

52397B

\$10.00

ORDER NUMBER	EXPIRES	BOOKS	C. O.	PAID	O. R.	CANCELED	R. B.

RATING**CREDIT
INSTRUCTIONS**

AMOUNT <u>10.00</u> 1 PAID _____ BALANCE _____ TERMS _____		CASH ORDER AMOUNT _____ DISCOUNT _____ _____		LIST JUN 2 L.P.M.
				PROOF READ JUN 2 E.C.A.
(A) _____ 2 (B) _____ (C) _____		EXTEND SUBSCRIPTION <u>54yrs</u> PLATE LIST _____ NEW EXPIRATION DATE _____		BILLED JUN 2 T.L.N.
3 _____ 4 _____		REMARKS _____ _____		REFER TO FILED JUN 2 B.A.T.

STANDARDIZING THE ORDER ROUTINE

When an order comes in, a colored sheet like this is attached by the mail opener to the order, which then goes directly to the order clerk, who analyzes the order and indicates on this slip the accounting and shipping data. As each clerk handles the order, he stamps his initials and the date in the right hand column

where an address plate is made, containing the complete address of the customer, the date of the order, the order number, the particulars of the order (as indicated by standard symbols), and, in the case of a subscription, the date the subscription expires.

An impression of this plate is then taken on the colored sheet, and compared carefully with the original order, to make sure that it is absolutely correct in every respect. If the plate is correct, it then goes to the billing department. It is at this point that the other record forms are prepared. The billing clerk, using the plate she has just received, now stamps six separate forms. All are of course originals, hence are clean and easy to read, and since they are made from the same plate, all are correct, and contain exactly the same information.

THESE TWO FORMS SIMPLIFY THE HANDLING OF COMPLAINT AND COLLECTION RECORDS

Two of these six forms comprise the records; the other four forms stamped by the billing clerk are the shipping label, the duplicate express receipts, and the invoice. The label and receipts go to the shipping room, and since they contain the full details of the order, as expressed in symbols, the order is filled from them. The invoice goes to the mailing department, where it is slipped into a "window" envelope, and mailed at the proper time, usually seven or eight days after the order has been shipped, thus allowing plenty of time for the goods to reach the customer.

Let us now examine the two remaining forms which, as stated at the beginning of this section, form the only records needed to follow up collections or adjust complaints. These two forms are the "account card" and the "list card," and their names are fully descriptive of their uses. The list card, shown on page 5, goes from the billing clerk to the list department, where it is filed alphabetically, with the hundreds of thousands of other cards already there. These list cards form the "master index" of the company's customers. Seven double bank "tub desks" are used to hold these cards, and over 20,000 guide cards are used, making the location of any card a matter of a few seconds.

The account card, shown on page 6, is now compared

with the order register, to make sure that the order has been entered correctly. It then goes to the accounting department where it is filed by its number and special division, according to the class of goods ordered. This concern has five classes of goods, each represented by a single letter, which greatly simplifies both the filing and the finding of any account card. The account cards are kept in trays on a truck, which is wheeled into the vault at night.

Carl A. Klemm,				9 20				
204 Paul Jones Bldg.								
Louisville, Ky.				52597B				
ORDER NUMBER	EXPIRES	BOOKS		C.O.	PAID	O.R.	CANCELED	R.B.

THE LIST CARD

The 3x5 card which is made at the same time as the account card contains the name, the expiration date and the order number of each customer. It is filed alphabetically in the "master index" with the hundreds of thousands of other cards already there. These list cards are contained in "tub desks"

One feature of this two-card record system is its extreme flexibility. For instance, there is an account card for every order; this means that there may be several account cards for a particular customer. This, however, is no drawback, since, when any account is paid, that particular account card is stamped "paid," removed from the unpaid accounts, and transferred to the file of paid accounts. At stated periods, the paid account cards over six months old are destroyed, since of course there is no further use for them: the particular account has been settled, a generous time has elapsed for complaints, and there is no need of cluttering the files with useless cards. On the other hand, none but active accounts

remain in the unpaid file, and we shall soon see how these are handled in the routine of collections and complaints.

Perhaps a last word of explanation ought to be given concerning the list cards. Although, as we have seen, there may be several account cards for any one man, there is only one list card. The way this is handled is interesting and worthy of our attention.

Carl A. Klamm 204 Paul Jones Bldg Louisville Ky						June 2, 1917		ACCOUNTING DEPARTMENT 1 _____
						9 20	\$10.00	ACCOUNTING DEPARTMENT 2 _____
						62397B		STATISTICAL DEPARTMENT _____
								LIST DEPARTMENT _____
								PLATE DEPARTMENT _____
								COLLECTION DEPARTMENT _____
DATE	PAID TO	CREDIT	BALANCE	DEBITS	JUL 2 E.K.P.	BILL	<i>9/29 Special terms of order cover the Bellevue E.K.P.</i>	
					AUG 2 E.K.P.	1		
					SEP 2 E.K.P.	2		
						3		
						4		
						5		
						6		
						7		
						S A		
						S B		

THE ACCOUNT CARD

This 5x8 card contains the same information as the list card, and in addition this card also bears the date and the amount of the order. It is filed by its number and the special division, as denoted by the letter, in this instance "B."

All unpaid account cards are filed together

The two right hand numbers, in line with the name of the customer, are the symbols indicating the kind of goods ordered. The number opposite the address on the bottom line is the order number, which is also, of course, the account number. It is important to note, however, that this number refers only to the first order received from this customer. Subsequent order numbers are entered in the columns provided on the card, which henceforth becomes the record of all business with this customer. Simply as a convenient cross-reference, each account card usually bears the numbers of all the other orders received from the same customer. This is helpful in posting payments.

Thus for each customer there is a list card filed alpha-

betically, containing all the account numbers, and an account card filed by number, one card for each order.

We are now ready to see how collections and routine complaints are handled. Let's suppose that the customer sends in a complaint shortly after he has sent in his order. The letter comes to the mail opening department, where it is opened and read. The mail opener notes the nature of the complaint, places a check mark against that complaint on a list of standard complaints, and sends the letter to the adjustment department.

THIS ROUTINE FOR ADJUSTING CUSTOMERS' COMPLAINTS
HAS WORKED OUT SATISFACTORILY

In order to unify the handling of complaints, certain correspondents in the adjustment department handle only complaints about certain classes of goods. For example, one man handles only the complaints about one of the magazines, another handles the complaints about the books, a third about the courses, and so on.

The correspondent who has received the letter that has just come in, pins to the letter a pink requisition slip, like that shown on page 8. If the complaint refers to payments, to the goods sent, or to the magazines, he places a check mark against the words "List Dept." If this is all the information he desires, he then stamps the date and his initials at the top of the requisition sheet, after the word "From," and slips the two papers into his outgoing tray.

The letter with the requisition attached goes to the list department, where, as we have seen, there is one card for each customer, filed in alphabetical order. This card, you will remember, carries not only the customer's name and address, but also the particulars about the various orders he has sent in from time to time. The list clerk reads the letter, notes what information is desired, takes out the card and notes on the requisition slip the account number, the goods ordered, and the date the subscription to the magazine expires. Then he stamps the requisition with the date and his initials, thus placing the responsibility definitely upon him.

When the correspondent has received the information he wants from the list department, he gets the customer's account card, locating it by the account number which the list depart-

FROM		JUN 2	R.N.B.	ADJUSTMENT DEPARTMENT	
LIST DEPT.	<i>Account No. 52397 B</i>				
	JUN 2 L.P.M.				
PLATE DEPT.	<i>Carl A Klemm</i> 9 20 204 Paul Jones Bldg Louisville Ky 52397B				
	JUN 2 F.J.				
ORDER JUN 2 B.A.T.		CORRESPONDENCE		SHIPPING RECEIPT	

THE SIMPLE INFORMATION REQUISITION

Here is the pink requisition sheet which is attached to all letters of complaint and sent to the adjustment department. The correspondent in that department who receives the letter simply checks on this sheet what information he desires and stamps the date and his initials at the top

ment has given him, and with this information proceeds to answer the letter complaining about a payment or about the non-receipt of the magazine or order, whichever it is.

The next letter of complaint may state that the writer never ordered the goods for which he has been billed. Or he may refer to some previous correspondence; or he may not have received the goods at all. In this case the correspondent checks the proper square at the bottom of the pink requisition sheet (page 8) and the desired material is obtained by the filing department and sent to the correspondent, who answers the letter according to the information he receives.

MANY COMPLAINTS WHICH HAVE BEEN STANDARDIZED
CAN BE ADJUSTED WITHOUT DELAY

All this, of course, presupposes that the customer's name and address are given in the letter of complaint. It more often happens that some particular is omitted, which it is necessary to have before the letter can be properly handled. Accordingly the correspondent checks the words "Plate Dept." The plate department locates the plate, and takes an impression of it on the pink requisition slip. Then, after stamping the date and the initials of the girl doing this, the requisition and letter are returned to the correspondent.

The correspondent now has all the information he desires. If the complaint is one that has been standardized, all that is necessary is to jot down on the requisition the numbers of the standard paragraphs, and pass it on to the typist. To facilitate this sort of "dictation," the correspondent has in front of him a revolving rack which contains the numbers and topics of the standard paragraphs; all of these are plainly in sight at all times. The typist has a corresponding set of cards, so arranged by number on a rack that by a slight movement of her forefinger the desired paragraph is immediately shown, ready for copying. Should the letter require a special answer, the correspondent simply turns to the dictating machine at his left and dictates the necessary answer.

The automatic "dunning" routine of this company is as nearly human perhaps as any machinery can be. A carefully prepared series of follow-up letters is sent to each unpaid

account regularly, every 30 days, until the fourth follow-up, which is sent out 15 days after the third follow-up. Three more letters are sent out at 15 day intervals before the account is finally turned over to the attorneys.

S1		S2		S3		S4		S5		S6		S7		S8	
Dunning Dates	Account Dates	Dunning Dates	Date sent	Dunning Dates	Date sent	Dunning Dates	Date sent	Dunning Dates	Date sent	Dunning Dates	Date sent	Dunning Dates	Date sent	Dunning Dates	Date sent
5	5	5	5	5	5	5	20	5	20	5	20	5	20	5	20
6	6	6	6	6	6	6	21	6	21	6	21	6	21	6	21
7	7	7	7	7	7	7	22	7	22	7	22	7	22	7	22
8	8	8	8	8	8	8	23	8	23	8	23	8	23	8	23
9	9	9	9	9	9	9	24	9	24	9	24	9	24	9	24
10	10	10	10	10	10	10	25	10	25	10	25	10	25	10	25
11	11	11	11	11	11	11	26	11	26	11	26	11	26	11	26
12	12	12	12	12	12	12	27	12	27	12	27	12	27	12	27
13	13	13	13	13	13	13	28	13	28	13	28	13	28	13	28
14	14	14	14	14	14	14	29	14	29	14	29	14	29	14	29
15	15	15	15	15	15	15	30	15	30	15	30	15	30	15	30
16	16	16	16	16	16	16	16	16	16	16	31	16	31	16	31
17	17	17	17	17	17	17	17	17	17	17	1	17	1	17	1
18	18	18	18	18	18	18	18	18	18	18	2	18	2	18	2
19	19	19	19	19	19	19	19	19	19	19	3	19	3	19	3
20	20	20	20	20	20	20	20	20	4	20	4	20	4	20	4
21	21	21	21	21	21	21	21	21	5	21	5	21	5	21	5
22	22	22	22	22	22	22	22	22	6	22	6	22	6	22	6
23	23	23	23	23	23	23	23	23	7	23	7	23	7	23	7
24	24	24	24	24	24	24	24	24	8	24	8	24	8	24	8
25	25	25	25	25	25	25	25	25	9	25	9	25	9	25	9
26	26	26	26	26	26	26	26	26	10	26	10	26	10	26	10
27	27	27	27	27	27	27	27	27	11	27	11	27	11	27	11
28	28	28	28	28	28	28	28	28	12	28	12	28	12	28	12
29	29	29	29	29	29	29	29	29	13	29	13	29	13	29	13
30	30	30	30	30	30	30	30	30	14	30	14	30	14	30	14
31	31	31	31	31	31	31	31	31	15	31	15	31	15	31	15
1	1	1	1	1	1	1	1	1	16	1	16	1	16	1	16
2	2	2	2	2	2	2	2	2	17	2	17	2	17	2	17
3	3	3	3	3	3	3	3	3	18	3	18	3	18	3	18
4	4	4	4	4	4	4	4	4	19	4	19	4	19	4	19

THE AUTOMATIC DUNNING SCHEDULE

A schedule like this is used to insure the correct follow-up letters being sent out on the exact dates. S1 is the symbol for the first letter, S2 for the second, and so on. The first column shows that on July 9 all accounts dated June 9 are to receive the S1 letter. The first three letters are sent at 30-day intervals

Here is where the simple follow-up system comes into play. We must remember first that all unpaid accounts—which of course are the only accounts followed up—are filed together by numbers. Since the numbers are consecutive, all the account cards for any date are right together. Reference to the “dunning schedule” shown above, indicates that on July 9 all accounts dated June 9 are to be followed up with letter number one. At the same time, follow-up letters numbered two and three are to be sent to accounts dated May 9 and April 9 respectively, and letters numbered four, five, six and

seven to accounts dated March 24, March 9, February 24, and February 9.

Accordingly the girl in charge of the account card files "pulls" out those account cards which bear the dates specified. These account cards are then distributed among the typists. Each typist has on her desk a cabinet containing a supply of the standard follow-up letters, all processed and signed, ready for filling in the name and address of the customer. The typist notes that her bunch of account cards is to receive follow-up letter number one; accordingly she selects one letter number one, inserts it in her typewriter, fills in the date, name, and address, and then checks the account card opposite the figure "1" by stamping the date and her initials, to show that the proper letter has been sent. The account cards are then returned to be filed, to come up again 30 or 15 days later, as the case may be, for the next follow-up.

WHAT HAPPENS TO THE "DUNNING" MACHINERY WHEN THE CUSTOMER PAYS OR WRITES?

Most customers, of course, pay their accounts before the final follow-up letter is sent. When the payment is received, the account card is "pulled," stamped "paid," and filed with the paid account cards. This automatically stops the "dunning" routine so far as that card is concerned.

If the customer writes in at any time during the follow-up period, the account card is "pulled," and when the letter has been answered, either by special dictation or by standard paragraphs, the correspondent notes in pencil in the upper left hand corner of the card, the date the letter is to be followed up. The correspondent also draws a pencil line through the rest of the follow-up numbers in the column headed "Bill" and notes the substance of the special letter in the column to the right, stamping the date of the answer and his initials. Should the "puller" pull this card before the follow-up date indicated, she simply puts the card back in the file. When the card comes up again, if the customer has not been heard from, the card is pulled, and another special or standard letter sent, so worded as to bring the letter into line with the regular dunning routine letters. The pencil line through the numbers in the "Bill" column and the date in the upper left hand corner

are erased, and the card is filed in its proper place to come up 15 or 30 days later with the rest of the unpaid accounts in the regular dunning routine.

There is a limit to nearly everything, and that applies to dunning letters. When the last letter has been sent, and the special attorney's letter has brought no results, the account card is pulled, and the accounting department "charges off" the account as a bad debt, at the same time stamping the words "charged off" and the date on the account card. From the accounting department the account card then goes to the statistical department, to reduce the credit for the order given to any particular mailing. The card then goes to the list department, where the list card (page 5) is pulled and the date of the charge off indicated in the column, "C. O." This list card is then filed again with the other list cards; at any time in the future if that particular customer sends in a charge order, this list card shows that he still owes us on the other order, and credit is refused until the uncollected balance is paid.

The plate department next gets the account card, and removes the address plate, so that no more magazines will be sent. Finally the account card is returned to the collection department which turns it over to the attorneys to collect what they can.

HOW TO HANDLE THE ACCOUNT WHEN THE CUSTOMER "COMES BACK"

A very simple and effective check on this "charge off" routine is provided by the space in the upper right hand corner of the account card. As the card is handled by each clerk, he stamps his initials and the date in the proper space.

To reinstate an account that has been charged off, it is only necessary to start the account card going through the routine again, by sending it to the accounting department, where the man reinstating the account stamps his initials and the date beside the other stamp, only turned sideways. The card goes in turn to the statistical, list, and plate departments, where the same procedure is followed, and finally comes to the collection department, where it again takes its place with the unpaid accounts.

So much for the recording. The remainder of this pamphlet is to be given over to the actual handling of credits, collection and complaint letters, especially as regards policies and their application.

The poor credit rating of a customer or of a prospective customer is ample reason for limiting his dealings with the house. But to restrict those dealings by refusing to sell goods is not only cutting off a possible source of present profit, but shutting off the probability of further dealings in that direction. There are various ingenious methods by which the experienced credit manager "turns down" poorly rated customers, and at the same time retains all or part of their trade by assisting them to handle it on a cash basis.

Possibly the hardest letter to write in the whole field of business correspondence is the one which turns down the order from a business man having a poor rating, at the same time getting his business on a cash basis. And this is a proposition that comes up almost daily to the credit men in large wholesale houses and in manufacturing establishments.

To the credit man, the world sometimes appears to be full of retailers whose imaginations are greater than their capital—merchants who dream of the great business they will build if they can only get credit. Often it is only one out of a hundred who makes a noticeable success; some may drift along, forever haunted by sight drafts and overdrafts, and others may sooner or later fail, and so wholesale houses are constantly on their guard against losses from this class of customers.

At the same time, these hundred merchants represent a volume of business that the wholesaler cannot altogether ignore. While a man's credit may be questionable he may have considerable trade that it is very desirable to get if it can be secured on a cash basis or if his orders can be held down to a safe margin.

Human nature is so constituted that the "little fellows" who have not established a basis for credit are always the ones who are most touchy of their reputation, and so great diplomacy is required in handling them in a way that will hold their trade.

There are some firms that make no effort to secure any of this business. If a business man's rating is acceptable, well and good, his orders will be filled, but if there is any doubt as

to his financial standing he is informed in no uncertain terms that his patronage is not desired. But the credit man who is looking after the larger interest of his house, always meets the vast army of "little fellows" with a welcoming hand and an encouraging smile.

If he must turn one down he does it so diplomatically that the way will be left open to go after his business later on if the merchant becomes thoroughly established. In every city there are prosperous business men who started out with small capital and were considered poor credit risks at one time.

The large-caliber credit man realizes, moreover, that he is a salesman as well as a collector and that it sometimes pays to coddle along the small dealers, even at the expense of an occasional lost account. This is the price the house is willing to pay for the additional business that could never be secured by limiting the credits too strictly.

SOME WAYS IN WHICH THE CREDIT MAN CAN COOPERATE WITH HIS CUSTOMERS

Nearly every business man, at some time or other, faces a crisis in his business. Accidents occur, and unforeseen circumstances arise. Perhaps he may commit an error of judgment, or fail to focus his business in the proper perspective; and the result is that bills fall due when there is no money in the till to meet them. Often these conditions strain to the breaking point what is a perfectly fair credit limit in normal times.

Such cases, when they come under the credit man's eye, offer him the opportunity of giving constructive service to the customer. He can, if he makes his customers' interests his own, in many instances foresee approaching danger and put the customer on his guard against it. The credit man in a large concern naturally has a broad outlook on the trade. He sees national conditions and anticipates their reaction on local conditions. He has the opportunity, too, of knowing local conditions better than even the retailer himself can know them. Besides this, he knows internal store conditions—the pitfalls of business, and the causes of failure. And if he has cultivated the retailer in the right spirit, he can warn him when the first signs of danger appear.

Many times a close, friendly cooperation of this sort means

mutual profit. Not only is the creditor himself saved from the possibility of having to accept from thirty to sixty cents on the dollar in lieu of the full amount due him; but further, it leaves the customer on a sound basis. And the latter is, for the future, a better friend and customer than ever.

No definite rules can be laid down for handling this class of business. The form letter is usually impractical, for each case must be diplomatically handled with a full knowledge of the standing, reputation and record of the customer. The letters given in this pamphlet are not intended as models to be generally followed, but they may point out certain attitudes that should be guarded against and they may offer some suggestions as to diplomatic methods that have proved successful in holding the business of this class of customers.

Here is a letter from a type foundry to one of its delinquent customers:

Dear Sir:

We are in receipt of your favor of the 7th, enclosing an order for ———.

On referring to our ledger we find that you have a long overdue account on our ledger amounting to \$54.76 and we are surprised that you should send us another order without enclosing a draft to take care of this old debt.

Of course, we appreciate your business and aim to be very liberal in our terms. You must admit that we have been exceedingly lenient in your case. But it is not businesslike to let these old accounts accumulate and it looks to us as if it would be to your interest just the same as it is to ours for you to take care of this obligation at once.

You must understand that we have to call a halt some time and so we do not feel warranted in filling this last order until you send us a remittance covering the old account. We hope to receive a check by return mail and we will then fill your order of the 9th.

With best wishes we are,

Very sincerely yours,

Black & Black.

This letter was evidently written while the credit man was

"hot under the collar," but it is not unlike hundreds that pass through the mails every day—letters that are sadly out of tune, letters that are discordant in arguments and in language. If the printer had some important job requiring material that could be secured only from this particular type foundry, he would probably hustle around and scrape up the money to settle the old account. But it is equally probable that no more orders would be sent to a house that handled his account in this manner.

Even though he may have been negligent about his bills, the house could ill-afford to collect the account at the expense of his good will.

A new credit man coming to this foundry had a broader grasp of the functions of his department, and in handling a similar situation, wrote:

Dear Sir:

Your letter of the 9th accompanying your order for — has just been received. We thank you for favoring us with this business.

Do you realize that your previous account for \$34.76 is now overdue nearly three months? It may have been overlooked, although your attention has been called to it several times.

We are at all times willing to grant our printer friends reasonable accommodation, but when we allow them to keep adding new accounts without offering a settlement of their old obligations we feel we are doing both ourselves and the customers an injustice.

Please understand that we appreciate your business very much and we try to merit it by the quality of goods we sell and the treatment accorded our customers.

We hope, therefore, that you will send us your check for this account by return mail, and immediately upon its receipt we will be very glad to give your order our very best attention and ship it to you promptly.

We trust you will look at this matter in the same light as we do and that you will give this past due account your immediate attention.

Very truly yours,

Black & Black.

This letter is diplomatic; there are no harsh words, no abuse. And yet the point is made perfectly clear that further credit cannot be secured until the old obligation has been wiped off the books.

Throughout the letter there is evidence of a spirit of fairness that will reach most men when bluster and bullying would have no effect. The delinquent is made to feel, no matter what happens, that he has been treated courteously and fairly, and the house retains his good will.

The best credit man is not the one who has the smallest percentage of bad accounts. Every house establishes the percentage of loss from bad debts which the business will stand and below which it does not want to go. So the good credit man puts salesmanship into his letters and thinks not only of keeping the loss from bad accounts from rising above the established allowance, but also of increasing the volume of business that his house is doing. He looks to the future as well as to the past.

Here is the letter sent out by a Chicago wholesaler to a customer on whom reports had not been satisfactory. It does not tell the customer bluntly that his standing is not satisfactory. A sugar coating is given to a bitter pill by assuring him that the reports "do not give the required information," and as an inducement to secure his order on a cash basis, a special discount is offered:

Dear Sir:

In seeking information from the usual outside channels, for basing credit for you, we find our reports have not been sufficient in detail to permit us to arrange this matter on an equitable basis. These reports all speak very highly of you in a personal way, but do not give us the required information in the way of assets as compared with liabilities to enable us to arrive at such a credit basis as we feel you unquestionably are entitled to.

We assume you want our goods for your early fall trade. It is imperative, therefore, that we ship immediately. We suggest that on this order you arrange to favor us with draft, in consideration of which we will be pleased to allow you a special discount of 3%. Bear in mind that we suggest these terms only on this first order, as we feel confident we can easily arrange a credit basis for all future

shipments we are positive you will need in our line.

We sincerely trust you will take no personal exception to our above suggestion, which we have made in your interest solely.

Thanking you for the kindness of an immediate and, we trust, favorable reply, we are,

Yours very truly,

Crown & Co.

While the merchant who received the letter was probably disappointed, there was nothing about it to offend him and he could have nothing but respect for the house that conducted its affairs on such a courteous, yet businesslike basis. Asking a delinquent for money can be just as dignified and courteous as trying to sell him goods—and it keeps the customer in a friendly attitude. A “grouchy” credit man may, in one letter, lose to a house a business it had been years in developing.

Here is the letter from another wholesale house to a customer who had been allowed a small line of credit but who had fallen behind in his payments:

Dear Sir:

After careful consideration of your recent letter we are sorry to inform you that we have decided to hold back the order. We regret this, I assure you, quite as much as you do, but our unalterable rule of business in this regard leaves us no alternative.

We do not in the least like to lose your account, and we sincerely trust we may, in the near future, come to some agreeable understanding.

It is to be hoped that you will soon dispose of the property you mentioned in your last letter, and that its sale will enable you to clear up the outstanding balances against you.

Our action with regard to your case is to be especially regretted, owing to the lateness of the year; we still feel you would be best served if you sent us your remittance of \$200, and let the shipment go forward. We say this in all earnestness, as we know what it means to go into the open market at this time to buy Christmas goods.

Should we not hear from you by next Thursday by wire or mail we will have to unpack your shipment and place back in stock, as it is taking up valuable space.

Very truly yours,

Anderson & Anderson.

This is in reality a collection letter aimed primarily "to get the money" by deftly suggesting to the merchant how hard it would be for him to go into the open market to buy Christmas goods, and the fact is driven home that he cannot hope to have his order filled without a substantial payment on account for he is assured that the shipment will be unpacked unless he is heard from by a specified time. This letter is a shrewd blending of collecting and selling, and while it may hurt, it gives the sometimes necessary prod to an easygoing merchant, that he cannot expect continued credit unless he looks more diligently to the payment of his bills.

A wholesale house was unable to secure the required information regarding a new merchant and wrote him this letter:

Dear Sir:

Concerning your valued order, we find it best to write you directly relative to it in order that we may arrange the matter of credit terms to your best advantage.

We have experienced a little trouble in securing definite information for basing credit. But, after all, this is a matter which concerns us alone and we would much rather secure the necessary information direct from you than from outside sources. Our experience in the past has been that when we have gathered information through outside channels, very frequently it does a merchant a serious injustice and it is therefore always our preference to go direct for the facts we need.

We enclose a statement and will appreciate it very much if you will fill this out so we can determine upon a credit basis from the facts you submit. It is understood, of course, that this statement is to be held strictly confidential and used only by ourselves.

The particular class of goods which your order calls for has proved one of the most popular lines that we are showing this fall. You will find an immediate demand for it and one that will prove very profitable for you.

We will appreciate an early reply, with statement properly filled out in detail, and immediately on receipt the order will have our preferred attention.

Very truly yours,
Brown & Co.

This is a diplomatic letter, for it cleverly suggests to the merchant that the house is doing him a favor in sending directly to him for information, thus avoiding the injustice that might follow from incomplete outside information. And then the fourth paragraph brings in the selling talk intended to stimulate the desire of the merchant to have his order filled promptly.

SOMETIMES A LETTER LIKE THIS IS HELPFUL WHEN
CUSTOMERS LACK SATISFACTORY RATINGS

A large grocery house, on receiving an unsatisfactory report from the mercantile agencies, wrote this letter to a would-be customer:

Dear Sir:

We have studied the data regarding your financial condition and unless there is some mistake in the information furnished us it would appear that your capital is not large enough to justify us in letting your order go forward on our regular terms.

Your reputation is well vouched for and on the score of your good intentions we are quite satisfied, but it is positively necessary in such instances that your assets be such as would assure us that you could take care of maturing accounts; it is not so much a question of whether a dealer will pay a bill as whether he can pay it.

It is not at all improbable that the data we have is incorrect and therefore we enclose a blank form which we will ask you to fill in and mail us together with the names of a few houses you have had dealings with.

If agreeable to you, please deduct 2% cash discount and include remittance with your reply, and further delay on your order will be unnecessary -- the shipment will then go forward at once.

Very truly yours,

Anderson & Anderson.

Such a letter is severe but in some cases necessary, especially perhaps, with well-meaning but inexperienced men who may be entering the mercantile field with a limited capital and everything about the business to learn. The third paragraph affords a little balm for the sting, by the suggestion that the information secured may be incorrect.

Some firms depend upon the "hard-up" argument for making collections and it is frequently the refuge behind which a credit man tries to hide his real motive for denying credit—a false position that deceives no one. Here is an example of such a letter:

Dear Sir:

Since your visit at our office a few weeks ago, we have been pleased to receive an order from you amounting to \$475.00. We want to assure you of our appreciation.

You are undoubtedly wise in putting in a good substantial list of dry goods for the fall and winter trade, and we trust that you will dispose of it quite readily.

We are anxious to ship you this order as soon as possible, but as we have several very large debts to meet in the near future we are desirous of doing business on a cash basis, hence we would feel especially gratified if you would do your best to favor us with your check for the order, less 2% discount.

We are asking this favor of all our customers and we trust that you will not feel that we are making an exception in your case. Rest assured that such is not the case. It is our financial need that makes it urgent that we pursue this policy for some time to come.

Trusting you will strive to comply with our suggestions we beg to remain,

Very truly yours,

Louis & Frank.

While it may be true that the company had large debts to meet and really needed the cash, yet the letter was sent out by one of the oldest and largest dry goods houses in the country and it is doubtful if its statements were believed. The assurance that this same request was being made to all its old customers is equally preposterous, and the merchant who received such a letter could not help feeling, perhaps, that the house was not treating him honestly. Even an inexperienced dealer is not so easily fooled; a frank, businesslike statement that his credit is not acceptable will always prove a surer method of bringing forth a check and it always commands the respect of the customer.

Much more effective is the letter that tries to get the cash with the order by pointing out to the customer why it is to his advantage to buy on the cash basis. One credit man cleverly points out how the three per cent discount for cash is just the same as making an additional three per cent profit on his goods and receiving this profit in cash before one of the articles is sold.

Another firm has an array of figures to show how seldom merchants fail who buy for cash and keep up their own collections.

"It is not that we hesitate about extending credit but we always take occasion to advise dealers to stick to the cash policy as much as possible."

This sentence rings true in the credit letter because the firm goes on to give specific reasons why such a policy is to the merchant's advantage. The firm does not shake confidence in its own management by the cry of needing money. The letter is dignified and businesslike. It carries conviction because the reasons are logical and "good business."

And then there are credit men who talk to young business men in a heart-to-heart manner, telling them that they are willing to extend the credit but it has been their experience that it is advisable for merchants to go slow until they get established and to order in small quantities until they are thoroughly familiar with the needs of the field.

A firm in Chicago manufacturing physicians' and hospital supplies writes in a similar way to young doctors who have sent in their first order:

Dear Sir:

It is a pleasure to inform you that the replies received from the persons whom you gave us as references as to your personal standing and integrity are very satisfactory and we have accepted your order on the terms outlined in our previous correspondence.

We notice, however, in looking over your list, a number of articles for which we believe you will have no immediate need -- in fact, some of the instruments are used only for special operations and are likely to remain in your case for many months before you will have use for them.

As our experience of over 30 years in equipping physicians has taught us that the financial returns of a young physician starting out in practice are not always as rapid as he may anticipate we would suggest the omission of the instruments we have enumerated below. If occasion should arise for immediate need of any of these instruments they can be supplied by telegraph order within a few hours.

By reducing the amount of the order you will also reduce the amount of the payments, enabling you to put aside a surplus which may be of considerable advantage in case of emergency.

We trust that our suggestion will be taken in good part, and in the interval, awaiting your instructions, we will have your order made ready for shipment so that there may be no unnecessary delay.

Very truly yours,

Mitchell Bros.

No one could ordinarily take offense at this attitude and there is something about the letter that shows a genuine interest on the part of the firm. The doctor really feels that the house is giving him good advice, is looking to his interests as well as to its own and so the order is cut down and it is done in such a way that it increases the good will of the customer.

SOME INTERESTING METHODS FOR HANDLING THE CUSTOMER WHO IS INCLINED TO OVERBUY

One of the every-day experiences of the credit man is to pass on orders from customers who are inclined to stretch their credit accommodations. The trick is to induce the customer to reduce the size of his order without offending him.

Here is the way a wholesale grocery house bluntly handles this class of business:

"We are not satisfied with the replies regarding your standing. The total amount of your order would not warrant us in running any risk. If you are disposed to pay us on account, half the invoice, \$48.30, and promise to remit the balance in the usual thirty days, we will send on the goods as quickly as possible."

Here is the diplomatic way in which a rival concern persuades the customer to reduce his order:

Dear Sir:

Your order for goods received. We are quite pleased to hear from your part of the country, and we trust that business is on the upward trend in Streator.

Your intention to put in a stock of flour for winter trade is good policy, but the brand you order is not one that we feel will be an Al seller in Streator. It is, of course, possible that you may be able to dispose of the entire order within a few months, but our past experience teaches us that it is always best for a dealer to go slow on a new brand of flour.

Instead of sending you a \$300.00 order, we feel that it will be to your advantage to try \$100.00 worth of the flour first, and see how it sells. After that you will be in a position to know positively whether this brand will be an asset or a dead burden on your hands. We never like to send any dealer a bill of goods that we think will not come up to his expectations as a seller.

A large demand has been created for this brand in some sections, but in your section this demand has not been fully developed.

Very truly yours,

L. W. Hamilton,

County Credit Department.

After reading this letter the merchant feels like thanking the wholesale house for giving him such good advice and looking after his interests by cautioning him not to tie up his capital in an unsalable line.

A credit man who tried to combine a collection and selling letter, wrote to a comparatively new customer:

"We are in receipt of your valued order given our representative, Mr. Hammond, and we wish to thank you. Our business relations during our acquaintance have been very pleasant and we trust have been profitable to both buyer and seller. We note that the remittance for your last purchase -- \$288.89 -- is 10 days past due -- a condition for which we are at a loss to account -- perhaps an oversight on your part.

"Before shipping this large order -- \$978.30 -- we should take occasion to suggest that you oblige us by reducing the order to half the amount, owing to the fact that we have had a very heavy demand

on the line of goods you call for, and we fear that we will run short before we can replenish our stock. We have asked others to act on this suggestion which is simply a course followed by every live and prosperous business house."

The letter does not ring true; it has a hollow sound that does not fool the buyer. The reference to the past-due account and the request to reduce the order by half are so closely connected that the thought in the credit man's mind is apparent and the reader is not convinced that the old customers have been asked to reduce their orders on the same line of goods.

But here is a credit man facing an identical situation who succeeded in having the order reduced without giving offense.

Dear Sir:

We thank you for your order for semiporcelain ware, amounting to \$500. This line has proven so exceptionally popular this season that it has been practically impossible for us to fill the demand in our usual prompt way.

It will be appreciated, Mr. Roe, as a special favor on your part if you will permit us to reduce this order to \$200 for immediate shipment. We are asking this favor from other customers in order that we may let all share in the popular demand for this very excellent line.

We will hold the balance of your order on special file and would be pleased to receive your order for more of the line at any later date that you may be in need of it. Let us assure you that we will appreciate very sincerely your accommodating us in this matter and regret that the demand for the line necessitates our asking the favor of you.

Awaiting your very prompt reply and assuring you that on receipt of it the order will go forward immediately, we are,

Very truly yours,

Brown & Co.

An exceedingly diplomatic turn-down is used by a New York house to a would-be credit customer:

Dear Sir:

Some time ago the management enforced upon our sales department a rule that all orders should be accompanied by cash, unless the account had been previously passed upon by our credit department.

This opening is more than a clever turndown; it is a skillful sales argument as well. It takes off the personal affront of the refusal, and indulges in a little confidence with the customer that has the human ring. Any small confidence of this kind is always a good thing.

If it were the function of the credit man to keep up collections and hold his bad accounts down to the minimum, his task would be easy. It would be very simple to refuse sales to everyone except the merchants who are known to be "good pay." But the house wants to increase its business and too strict a policy on the part of the credit man invariably means a loss of customers. So every house fixes the percentage of bad accounts the business will stand for and the credit man is wise who keeps close to this line. If he falls below the fixed per cent the management may complain to him that he is too strict, driving business away, and this is sometimes just as bad as it is to let down the bars and let in too many bad accounts.

So the problem of the credit man is to deal diplomatically with the questionable customers; get their business on a cash basis if possible; but if he cannot, point out to them how it is to their advantage to reduce their orders to a level consistent with the demands of their trade—orders that the house will be glad to fill. He must have an eye to salesmanship and to collections and write letters that will secure the maximum of business at the minimum loss; he must be, first and always, a diplomat.

If the question, "What is a hundred-per-cent-efficient collection manager?" were asked, the answers would probably be as follows:

Board of Directors: "One who collects one hundred per cent of the indebtedness shown on the books."

President: "One who collects from one hundred per cent of those who can pay."

Sales Manager: "One who collects without killing future business."

Salesman: "One who forgets overdue accounts."

Here is the really correct answer:

"One who collects, yet creates good will and paves the way to greater yearly sales by making a purchaser into a better customer."

One company's terms are: one hundred and twenty days, date of invoice, three per cent, thirty days. The practice followed in collections was the usual one of attaching to statements a slip notifying the customer of the total of invoices falling due during the month and advising that a draft for that amount would be forwarded on the day specified unless a remittance covering the bill was previously received.

Where the draft was returned, form letters of the accepted type were used; the account was placed in an attorney's hands in case the mail attack produced no answer. Any account collected by attorney was sold only for cash in advance thereafter. The letters were tactfully drawn up and the procedure logical. The debtor had ample chance to put forward any complaint or explanation before steps were taken toward collection through a third party.

The losses by this method were small, not exceeding three quarters of one per cent. The percentage of cases reaching attorney's hands was less than two per cent of the accounts on the books. Furthermore, this two per cent included all failures, crooks and "long shots" taken where need of representation was great.

As a result, however, of an investigation extending over a number of years, their whole policy on collections has been changed and the past two years' experience with the new policy fully justifies the change. The old "notice of draft" attached to statements formerly read:

Our terms of sales are 120 days net. Not hearing from you we will draw at sight for
on covering items then due.

The new form reads:

In case you desire to pay by draft on presentation, no notice is needed. If we do not hear from you by, you will receive draft for \$....., covering the first items on the attached statement.

Below is a convenient sticker for your diary.

Consolidated Paint Co.

Date Amount

When drafts are returned unpaid, the first step is no longer to mail out a form letter, but to secure the latest credit report, sending for new reports where those on file are over six months old. These, together with the history records, are studied in order to produce a real letter which will collect instead of a form which is only a reminder.

When this type of letter fails to bring a prompt settlement, the tack is changed entirely. Nor is this second letter an assumption of the "loss in the mails" of my first letter. This typical second effort will show the new slant:

We want more of your business because we feel that you will make greater profits from a wider variety of Consolidated products. That means that you'll have more reason to give them the best position in your store and in the best seasons feature them in your windows.

There's only one thing in the way. That's your unwillingness to order again until you have balanced up the \$32.16, shown by the attached statement. We've been supplying you for several years -- six, to be exact -- and we'll tell you frankly that the \$32.16 isn't in the way so far as we are concerned.

Send in your order and give us a definite date when the item in question will be met, and the new goods will be earning profits for you.

For an example of the most effective letter for many cases where no response has been made to two letters following refused draft, this one to a customer rated 20,000-30,000, 2nd credit, brings out an interesting suggestion:

For 150 days we've been with you in the form of your order of 25th. We should have brought you in profits enough to more than cover the paint cost to you of \$183.27.

If we haven't, let's get together now -- not a month later, when you wonder why we won't be patient and we wonder why you aren't ordering as you used to.

Have a clerk check up your stock of Consolidated with the invoice we attach, and let's find out whether we owe you a lot of help in moving the goods or whether you overlooked the profits our 150 days with you have brought in.

If the customer does not answer, the next step is to wait for the salesman's comments (which must be made on the form attached to the carbon sent him). When this comes in, a final letter is dispatched like this one to a small dealer in Oakland:

There can be only three reasons why our letters of the 15th and 28th of July and the 16th of August did not result in a new order or remittance.

1. We didn't make clear that your order of the 5th of April had become overdue.
2. You have some complaint which you are waiting to make.
3. Your financial arrangements have been such that you have delayed.

We are remedying the first by drawing again at sight, the second by enclosing a stamped envelope, and if it is the third, isn't it fair to both of us to balance the old account or give us a definite date and reason for delay?

In our years of close friendship with hardware dealers they have often come to us with their problems of financing, selling, and their own credit and collection troubles. From our salesmen and our branch houses we have learned a lot of helpful things we are glad to pass along.

Can't we get together now before we have to ask someone in your town to present our request for payment? We'd a lot rather, and think that you would.

Here's a fifth letter—and after it its reason and its results:

If you were within easy car-ride, we'd drop over to find out why our several letters haven't been answered.

We can't, because the distance prevents. Our acquaintance in Buffalo does not include anyone you know who could act for us, so we're forced to send a statement of your account and copies of our letters to Smith & Smith, the attorneys, in order to learn your wishes.

This isn't anything more than the only way we see to find out just what the trouble is and remedy it if we're at fault.

We want to sell you Consolidated paints for years to come -- but it takes the two of us to make it possible.

A wire will cause us to wire Smith & Smith to return our letter unopened. Isn't it worth giving the matter that attention?

The reason is, "Don't try four times in a friendly mood to hold a customer in line, and then get mad and "show him."

The results are: "The friendship of men who can make profits for you. Copartners, if you wish to correctly term them. The man who sees that even in the last extremity you have arranged so that he can save himself from having his indebtedness known *in his home town* is either in need of a receiver or an alienist if he fails to cash in on your offer."

Often a returned draft has paved the way for this company's selling organization to get behind a merchant's business and give it a lift and in this way the company makes friends who are anxious to repay and glad of the opportunity it always endeavors to arrange.

The whole essence of this company's collection policy is in this letter:

No firm is ashamed to ask a man to buy something worthy of his brand. No man should be ashamed to ask for his share of the profits on a dealer's sales of his product. No firm but is ashamed when one of its representatives shows anger when he fails to make a sale. No firm should fail to be ashamed of any representative who indicates anger at failure to make a collection.

All our collection efforts aim at a continuance of the business relation, because we like friends and like profits.

And that, after all, is the whole story.

No business can operate without complaints and the shrewd office manager aims to handle them promptly, satisfactorily and economically. The majority of complaints fall into definite groups and many houses have fixed policies for handling them. Regardless of the system adopted, the customer must be appeased and this must be accomplished quickly and at small expense to the house. Some concerns make an immediate adjustment and then start an investigation to discover the source of the trouble; others, handling special products, investigate before making an adjustment.

There is a certain class of houses that lose all interest in a sale as soon as the customer's money is received. But nearly every successful concern has adopted this policy sooner or later; no transaction is completed until the man who spends his money is satisfied. A dissatisfied customer is a serious menace; he makes it a point to drive business away—he is the danger signal standing between the house and future sales.

Usually it is a far better investment to satisfy one old customer's claim than to spend the same amount of money locating new prospects. And it is a better advertisement, for the assurance that a house stands back of its goods is a powerful magnet in pulling orders. The adjustment of a grievance invariably leads to more orders; it puts "boosters" into the field.

When the average customer makes a complaint, it is of vital importance to him; if he holds a grievance, it is a serious matter. He may be to blame; you may have been negligent, or a third party may have been responsible, but no matter where the fault lies the customer wants immediate consideration.

While some complaints are certain to come from unreasonable persons, the percentage is so small with the average business that they can hardly be considered when adopting a uniform house policy for handling dissatisfied customers. Experience shows that the buyer is usually an exception who cannot be reached by the right kind of a letter.

The tactless letter which says, "Your claim is altogether unreasonable and could not be conceded," will only aggravate wounded feelings. Bluntness, indifference and intolerance are like so many slaps in the face.

But on the other hand, if the angry customer gets a reply of this kind, "We are very glad to take this matter up and assure you that any mistake will be adjusted promptly and satisfactorily," it immediately takes the edge off his temper. A spirit of fairness and a "we'll do our part" makes adjustment easy.

It is necessary to the satisfactory settlement of a complaint, to reassure the claimant immediately. Promptness in replying is the first essential. If a customer is compelled to wait for a

reply, his grievance grows rapidly. And the longer the delay the more difficult becomes the adjustment.

One house turns the complaint letter over at once to a special department. Letters are answered on a regular time schedule, and the complaint is acknowledged promptly, even though the actual adjustment may require considerable time.

Obviously the same methods of handling complaints are not applicable to all businesses but there is one fundamental principle: keep the complainant in good humor and satisfy him as far as is consistent with circumstances and house policy.

The manner of settlement depends upon whether the cause of the complaint is readily traceable or whether it needs careful investigation. The most familiar claims come under a "routine complaint" classification, for which there should be a definite policy of settlement. A certain number of these complaints are apparently inevitable and can be handled by a routine policy. They may be grouped in six divisions: delayed shipments, goods damaged in transit, goods not as ordered, goods unsatisfactory, shortage, and shipment lost.

If the remedy for any of these difficulties may be applied quickly, form letters are usually most economical and most convenient. But if the complaint demands any particular treatment, personally dictated letters handled only by correspondents trained for this work are essential. The use of a form letter in such cases would merely increase the irritation and the reply of a tactless letter writer would only make things worse.

In the handling of any complaint, whether just or unreasonable, the aim is to settle it with the least expense. So in all letters that deal with complaints the underlying principle is to appease the customer quickly and at a small cost, and at the same time strengthen the bond of interest.

To get the mental attitude and viewpoint of the customer is obviously one of the most important considerations. Many complaint correspondents brush aside all immediate surroundings and imagine themselves sitting in the customer's chair and in his own mood.

Every correspondent for one of the large mail order houses has before him, under the glass desk top, a card that reads:

"Instead of our customers seeing us from in front of a counter, they see us from in front of the letters you write to them.

"Before you start to dictate a letter, be sure you have digested the customer's or prospective customer's letter. Whether it is a complaint or an inquiry, be sure you have put yourself in his place and know just why he is dissatisfied or just what he wishes to know.

"Be sure you answer every portion of his complaint or inquiry in language he will understand. If you do not, he will either have to write us again or send his business to some other house.

"And do not pass your letter to the mailing desk until you have again read his letter and your answer to it.

"He will judge the house by your letter."

Then these four questions are considered.

First. Has the complainant any just cause for complaint?

Second. Is he writing through ignorance of some condition or circumstance?

Third. Is anyone in this office either wholly or partly to blame for the complaint?

Fourth. Is he trying to impose on us?

Usually these questions, if put honestly, can be decided definitely, yes or no. And they are applicable to practically every business. They are the test of your ability to write a fair, reasonable letter. If the customer really has a just cause for complaint, he must be handled from that standpoint alone. If he has not, the proposition is more difficult.

One house finds it well to begin all letters, whether in answer to a just or an unjust complaint, in one of these ways:

"We are sorry you have been subjected to any annoyance;" "We understand your feelings on the subject;" "We regret that we cannot see you in person to talk the matter over." The question is always taken up from the customer's standpoint, agreeing with him, taking the fight out of him in the very first sentences.

"If we were buying," is the attitude of these letters, "we should no doubt feel the same way."

Get at the complainant in the beginning and secure his attention and good will as a foundation for what you hope to

impress upon him later. This is the secret of good complaint-letter handling, just as it is of good salesmanship; his own interests, not yours, is the shortest route to the desired end.

One mark of the skilful correspondent is to enter into the customer's viewpoint and admit at the start not necessarily the justice in the complaint but the propriety in bringing it directly to the house. This will usually put the customer in the right mood for the explanation that follows without violating any ethical standards or without putting the house in a ridiculous attitude.

If a complaint is unfair to the house, the complaining customer should be shown, from his own angle, that the house cannot concede the demands without jeopardizing its own interests and the interests of its customers. These letters might show that such and such a price or policy would mean poorer qualities, or the failure of some vital plan for the actual benefit of the customers, or unfair discrimination which could not fail to hurt the customer in the end.

Misunderstandings, too, are usually explained most successfully with this policy of putting the customer's interests in the limelight. There is always some twist that can be given to an argument which will appeal to the self-interest and reason of the buyer. Then this attitude makes it easier to assume a more rigid adherence to a settled house policy and to hold a tighter rein over customers where this is necessary.

The tactless letter that starts out by telling about the precautions which the house takes to guard against just such errors; that goes on at length describing the system of inspection, packing and shipping; that intimates that the customer must be misrepresenting or is a crank—and then, after he is mad through and through, winds up by saying that if the goods are returned the order will be replaced, is unpolitic in the extreme.

If it is the intention to send new goods or refund the money, say so quickly—and make a friend; thank the customer for calling the matter to your attention, and then, if it seems desirable, tell about the rules for inspection and shipping, instead of insinuating that the mistake must be at the other end of the line. Admit that there is liability of error in the best arranged systems, and express regret that such a slip has occurred.

If the policy is to show a disposition to be fair and yet guard against the return of the goods, as in the case of the concern which depends more upon the one-time order than the future reorders, tactfulness is again the instrument that is indispensable. While with concerns of this class the same attitude of interest and consideration for the customer's side of the difficulty is found essential, the purpose of the adjustment letter is to carry the impression that the house has been fair and aims never to deceive. Here the whole idea is to persuade the customer to keep the goods and at the same time make him satisfied. It is often found necessary practically to resell the goods before this may be accomplished. So settlement letters of this kind are frequently made educational, always bearing closely upon the source of the complaint. When dissatisfaction is caused through an incomplete knowledge before the sale of the exact nature of the goods, an educational letter creates a new desire.

To assume in these cases that customers are always right is not only disastrous, but an incentive to dishonesty as well.

The actual investigation and adjustment of complaints on big sales should be handled by a house representative or by a disinterested third party. One house that has established an enviable reputation for fairness and equality in adjustment matters, immediately upon the receipt of the complaint, mails a letter expressing regret that there is cause for dissatisfaction, assures an immediate investigation, and promises an early report. This first letter plays for time and aims to put the customer in the right mental attitude.

Then, if the customer is not too far away, a representative is sent out to make a personal investigation. Otherwise the services of a local attorney are secured and the investigation made through him.

If this investigation shows a fault in the articles sold—some imperfection for which the house is to blame—an immediate allowance is granted on the basis of the amount of damage in the goods or the inconvenience incurred by the customer, or, if unusable, the goods are replaced or the purchase price refunded.

In case a transportation company is at fault, the customer is

so informed and every assistance possible should be given him in securing satisfaction for his inconvenience or loss.

But where the customer is at fault, or where the claim is obviously unjust, the policy adopted depends largely upon whether the house, for the sake of future business, can afford to assume the claim or stand pat on its rights in the case.

Where the refusal of a settlement may mean a big loss in future business, it is often deemed advisable to make an allowance, to meet the customer half way, or to cut a certain percentage from the bill and "charge it to advertising." But the letter granting this allowance should be so worded as to ward off any impression that a "kick" will always be followed by a shading of the bill.

If a claim is refused, it is always desirable to give the customer the impression that the house cannot consistently concede his demands. This letter must be based entirely upon the interests of the customer, and be made so reasonable that he will be convinced of its fairness.

By calling his attention to the position of the house, and then showing him the difference between its established policy and his position; by showing him the damage the granting of his demands might do the business; and lastly, by thanking him for the opportunity of making an explanation, the "rough edges" are smoothed over and he usually remains a loyal customer.

One of the most successful mail order houses of the country sums up its attitude in handling complaints as "promptness, absolute truthfulness and unfaltering courtesy." Fixing responsibility for an error is not the thing that concerns the customer: what he wants is the prompt assurance that his grievance will be taken care of in a spirit of fairness. As a matter of business a complaint must be settled equitably—as a matter of future trade, it must be settled promptly and in a way that will leave the customer in the right frame of mind. The actual adjustment is frequently a costly process; using the right attitude costs nothing and yet it may be the most important factor of all in reestablishing good will and in securing future business.

A definite policy is usually followed in handling all routine

complaints. For delayed shipment complaints one house finds a form letter of this kind most effective:

"We are sincerely sorry that there has been delay in your shipment and we want to thank you for notifying us so promptly. At the same time please accept our assurance of an immediate investigation. We will trace the shipment at once. Won't you tell us if you are at any immediate inconvenience as the result of the delay?"

When the cause of the delay has been traced no time is lost in notifying the customer. In case the fault is that of the house, the customer is told so frankly. The letter asks if he can use the goods and a promise of better service is made. If the customer refuses to accept this proposition, some inducement is frequently offered, but if he still refuses, his money is immediately returned.

Even though the difficulty arises from no fault of the house, a willingness should be shown to assist the customer in every possible way in getting satisfaction for his inconvenience or loss.

It is a common experience that a short, snappy letter, even though it shows a warm interest in the affairs of the customer, is never as effective as a lengthy personal letter taking up every detail of the case. Here is one place where brevity should be avoided. This is especially true with country and small-town customers. One letter of this kind opens:

"A careful investigation shows us that your order of the 9th, which you say has not been received, was filled and turned over to the Blank Express Co., the 25th -- the same day it was received. The enclosed receipt will show you how carefully we, as shippers, make consignments."

Then the letter continues with a detailed explanation of why delays are often inevitable with the transportation companies. This house offers, in the letter, to stand back of the customer to insure that he loses nothing. It agrees, upon the return of a notation from the local express agent stating that the goods have not arrived, either to duplicate the goods or refund the money. This is adjustment beyond the point where the house is responsible, but it has proved a wise policy since it gives a

confidence in the house that insures additional sales as well as holding present business.

When goods are damaged in transit, as the result of carelessness or neglect of the transportation company, or as the result of imperfect packing at the house, the letter acknowledging the complaint usually paves the way for a quick settlement, at minimum cost. Many concerns ask the customer to secure the local freight agent's notation of the amount of damage and the condition of the goods on their arrival. This is made on the bill of lading and the bill is returned to the house, thus avoiding any question that might arise over the amount involved.

With some articles, the damage may be repaired by the customer, after an estimate of the probable cost has been accepted, and the expense borne either directly or indirectly by the house. In any case, it has been found most satisfactory to pay such claim at once, looking to the transportation company to make reimbursement later if it is responsible for the damage. With mail order houses where reorders are an important factor in the business, a cheerfully given refund or an entirely new shipment, when the damaged goods are useless, is practically the only thing to do.

Sometimes a fair valuation may be placed upon the damaged goods and the customer may be asked to pay only for value received. Transportation company reports are often long delayed and settlements slow, so it is usually best to make immediate adjustments to show the customer that the house wants to help him—the house can better afford to wait for the settlement with the carrier.

In handling the complaint on goods that are not as ordered too often an attempt is made to convince the customer by argument that he should accept them. This is now considered a poor business policy by the better class of mail order managers. While such complaints often arise through some fault of the customer in ordering—which the investigation readily proves—experience shows that the most profitable method of settlement in the long run, is to exchange the goods at the expense of the house. A letter of this kind is usually most effective:

Dear Sir:

We are very sorry that you find the goods are not as you expected. We have looked up the order and find that you inadvertently gave the wrong number, as you may readily see by the enclosed duplicate. While we do not feel that we are in any way at fault, we want to thank you for giving us the opportunity of making an explanation and of helping you out. If the goods are of no use to you we will gladly exchange them, for we would not have you dissatisfied for many times the small cost of shipment charges.

Very truly yours,

BLACK & BLACK.

And many times the customer will keep the goods, rather than ask so considerate a house to bear an unjust expense; or he will at least offer to pay the transportation cost.

But if the house is at fault through some mistake in the shipping department, it is usually advisable to tell the customer frankly. Point out to him that, even with the most careful attention, mistakes are sometimes inevitable; that the house sincerely regrets any inconvenience that may have been incurred through an employee's mistake; that if the customer cannot use the goods they will be exchanged without expense to him, and that in the future every effort will be made to guard against similar trouble. Such a letter is sure to give the customer a high opinion of the house and to make him a warmer friend.

Sometimes a discount offered on the goods sent will induce the customer to use them, even though they are not exactly as ordered, and this is often a more profitable method of settlement because of the expense of having the goods returned. And a small reduction in price will often settle a claim that bears all the earmarks of an ugly situation.

The claim that the goods are unsatisfactory is the most difficult to handle. It requires tact of the highest sort. So the acknowledgment letter skilfully aims to ward off antagonism and then discover exactly where the customer finds a fault. Often it is merely a matter of opinion, and a little tactful explanation in the second letter will end the matter. Perhaps the customer fails to understand the nature and operation of the article or its proper application. Then a letter educating him to its qualities will restore him to a satisfied mood:

Dear Sir:

We appreciate your fairness, Mr. Jones, in advising us of your difficulty in making Pacific Lead cover your surface well. With painters who are accustomed to mixing ordinary leads we can readily see how easy it is to go wrong when first mixing Pacific.

Pacific Lead is ground so much finer than other leads and it has a so much better body that it offers more resistance to the mixing paddle and makes the painter think he has not used enough oil, and consequently, he continues to pour in the oil until he has added so much that it impairs the body of his paint.

If you will use precisely the same amount of oil by measure with Pacific Lead as you would with ordinary brands when first mixing Pacific, you will find that our product will cover far better than the other leads. Gradually you can add more oil to your subsequent mixings of Pacific when you have become accustomed to the feel of the paddle in Pacific Lead. You will then have a paint that will not only cover fully one-quarter more surface than the brand you have been using, but one that will spread easier under the brush, give you a decidedly whiter job and prove more durable.

If there are any other points in this connection that we can advise you on, don't hesitate to call on us.

Very truly yours,

PACIFIC LEAD COMPANY.

With a practical explanation the correspondent attempts to bring the customer around to the house attitude in the matter. If the goods are obviously at fault in some particular, an immediate reimbursement of money paid and expenses incurred is offered and every effort made to show that the house aims to be fair in all its dealings. If the fault is merely an imaginary one, the customer is treated as though he were as fair-minded as the house, and is assured that the trouble is not at all serious. But the customer is never left while he feels that he has been treated unjustly. If he refuses, absolutely, to be satisfied, he is asked to return the goods.

This method of handling the dissatisfied customer, with the average mail order house, is profitable because of the advertising such a policy is certain to create. But it may not be

adapted to the concern selling expensive specialties, however.

In handling and adjusting the shortage claim it is vitally important not to irritate customers through letters that carry an impression of suspicion. The validity of the complaint, for policy's sake, must be conceded. While the house usually finds an investigation necessary to avoid a recurrence of similar claims, this should be made in a way that will not give offense. Allowing such claims is almost always advisable.

Repeated complaints from the same customer are thoroughly investigated by most concerns, for a dishonest customer is seldom a profitable one; he should be eliminated from the customer file or kept under a special "Black List."

It is the policy of one house to refill all orders as soon as it learns that the goods have failed to show up, provided the claimant secures the signed notation of the local express or freight agent that a shipment has not been received. There is little chance of heavy losses to the company by this policy, for, in case the goods cannot be located, the transportation company is of course responsible and the additional transportation charges, in case the shipment is found later on, is compensated for by the good will created on the part of the customer.

With routine complaints an immediate adjustment and, if necessary, a later investigation, is generally accepted as the most profitable policy, if the amount involved is not too large. But when an adjustment means the expenditure of a considerable sum it is necessary for the house to know all the details of the trouble before making or refusing a settlement. A careful investigation usually indicates the most effective policy to adopt.

As in the settlement of the small routine complaint, the making of a big adjustment is strongly influenced by the attitude of the house in its letters. The buyer of the goods always wants assurance that his claim will receive immediate attention. So the first purpose of the letter in handling detailed investigations and making big adjustments, is to show the willingness of the house to be fair and just; to pave the way for such steps as are necessary in the investigation and to keep the customer in good humor until some definite action can be taken.





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